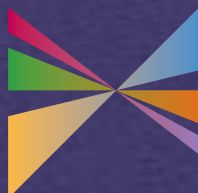




# REGIONAL ECONOMIC FORECAST for SOUTHERN CALIFORNIA

2003-2004

SOUTHERN CALIFORNIA



ASSOCIATION of  
GOVERNMENTS

# MISSION STATEMENT

## Leadership

## Vision

## Progress

**Leadership, vision and progress** which promote economic growth, personal well-being, and livable communities for all Southern Californians.

### The Association will accomplish this Mission by:

- Developing long-range regional plans and strategies that provide for efficient movement of people, goods and information; enhance economic growth and international trade; and improve the environment and quality of life.
- Providing quality information services and analysis for the region.
- Using an inclusive decision-making process that resolves conflicts and encourages trust.
- Creating an educational and work environment that cultivates creativity, initiative, and opportunity.

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Rev. 11/07/02

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This conference is organized and produced by the Economic Policy Section,  
Planning and Policy Department, Southern California Association of Governments

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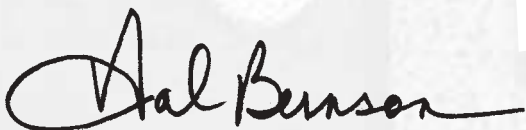


## A Message From the President

Southern California faces numerous short- and long-term decisions in an effort to meet the economic challenges ahead. As we begin to address those challenges, I welcome your participation in the Southern California Association of Governments' sixth annual Regional Economic Forecast Conference. The Association believes that regions are the defining geography for economic progress and development. Strategies aimed at promoting a healthy regional economy are necessary for the successful implementation of government policies in other areas such as transportation, air quality and housing.

The economic forecasts presented at this conference are unique in that they are the only predictions in Southern California devoted exclusively to the 2003-2004 economic outlook for the region as a whole. As such, they fill a gap between predictions of economic conditions in a single county and forecasts that focus on the outlook for California or the nation. In addition, the Conference brings together academic institutions from throughout the region as well as business leaders from key regional industry "clusters."

In today's uncertain times, global competitiveness will only be achieved and maintained through regional collaboration, both among industry clusters and between policy makers, the business community, academia and the Southern California community at large. Bringing together the resources for this Regional Economic Forecast Conference is part of SCAG's contribution to that collaboration, in partnership with California State University, Long Beach and California State University, Fullerton. We sincerely hope that the forecasts presented here will assist you in your strategic and budget planning in the coming months and years.



Hal Bernson  
President, Southern California Association of Governments  
Councilmember, City of Los Angeles

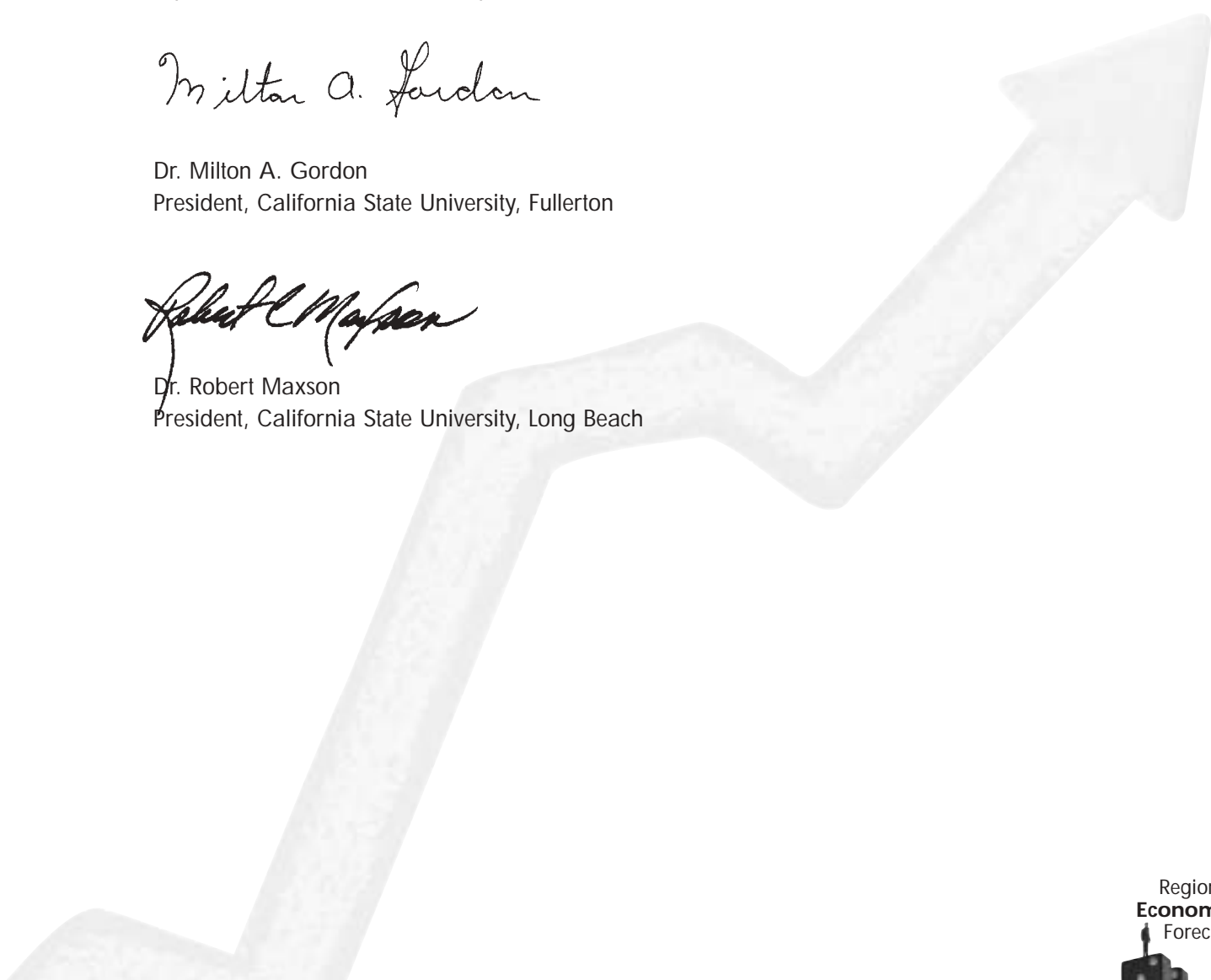
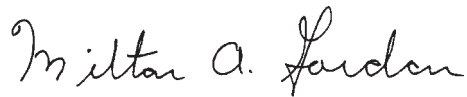


California boasts the world's fifth largest economy and its southern half is a hub of American innovation, research and economic activity. Propelled by industries as diverse as high tech manufacturing, aerospace, tourism, entertainment and international trade, the state is poised to steadily upgrade its status as an economic powerhouse of the 21st century.

## A Message From the Universities

The Southern California Association of Governments (SCAG) works to ensure that the region plans accordingly to sustain this vibrant economy and to meet the future needs of its growing population. In conjunction with SCAG, research teams at Southern California universities assemble the data needed to formulate sound public policy for this region of over 17 million people living in an area of more than 38,000 square miles.

The entrepreneurial spirit that thrives in Southern California has made it a region known both nationally and internationally as a birthplace of novel ideas. As academic institutions in partnership with the Southern California Association of Governments, we are honored to be a part of this ambitious effort to provide for our collective future.



Dr. Milton A. Gordon  
President, California State University, Fullerton



Dr. Robert Maxson  
President, California State University, Long Beach

HOWARD L.  
ROTH, PH.D.

Principal Economist,  
Department of  
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State of California

# Outlook for the National and California Economies

## The U.S. Economy

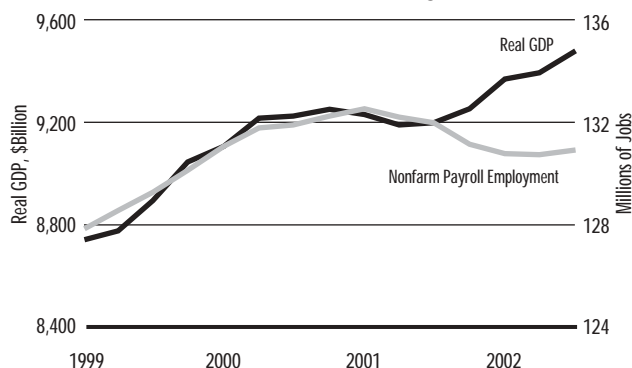
Output of the national economy has grown for four quarters now, but nonfarm payroll employment fell about one percent over that period (Chart 1). Is the economy recovering from the recession that began in March 2001? The National Bureau of Economic Research has yet to rule on that, but most economists believe that the economy began recovering in late 2001 or early 2002. Like its predecessor of the early 1990s, this recovery is widely referred to as a "jobless recovery."

One reason there are still 1.6 million fewer jobs than before the recession began is that economic growth was only about 3 percent over the last four quarters. In the eight recoveries since late 1949, economic growth averaged 6.9 percent in the first four quarters. Only in the recovery from the early 1990s recession was economic growth less than the 3 percent.

A second reason is that the heavy investment in high-tech equipment in the 1990s has increased trend productivity growth in the economy to where it requires very little job growth to achieve 3 percent gain in output. Productivity gains were particularly strong in the last four quarters, accounting for the 3 percent gain in output with employment falling.

Faster employment growth and a more robust recovery await stronger demand in the economy. Consumer spending must remain solid. Spending by consumers not only kept the recession mild but also has been the primary driver of the recovery. Consumers continued to provide critical support to the economy in the third quarter of 2002. The lowest

Chart 1  
**A Jobless Recovery**



mortgage rates in decades allowed homeowners to refinance their homes and lower their mortgage payments. Some of that savings was used to buy cars and light trucks that were offered with very attractive sales incentives. But weak job markets, volatile stock markets, reports of corporate fraud and accounting scandals, and threats of war in the Middle East have increased anxiety about the economy's prospects. Consumer sentiment has fallen in each of the last five months, reaching a nine-year low in October. If consumers rein in their spending appreciably, the recovery will stall. This is the biggest risk to the outlook.

A pickup in defense spending also has boosted the national economy, and defense spending will continue to be stimulative for the remainder of 2002 and in 2003. Spending by state and local governments will be flat, however, as budgets will continue to be tight.

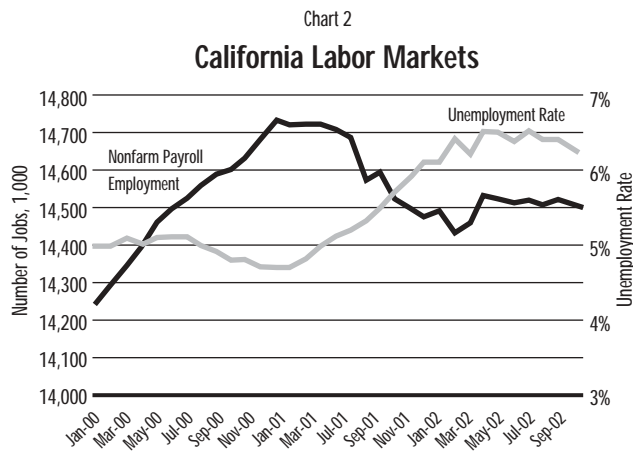
Capital spending by business has been the major missing piece of the recovery. With office and industrial space vacancy rates increasing during the recession, construction of nonresidential structures has fallen sharply. Residential construction has held up well but should not be expected to be a significant source of growth in the coming year. With some exceptions, business investment in equipment has been slow to recover from the sharp slowdown that initiated the recession. Overall, a recovery in business investment is taking longer than expected.

International trade has also been a drain on domestic economic growth. The economies of most of the nation's major trading partners are weaker than that of the U.S. As a result, U.S. net exports have become more negative.

Regional  
Economic  
Forecast

## The California Economy

Like the nation, California is experiencing a jobless recovery. The state's recession appeared to end around the turn of the year, but very few jobs have been added so far in 2002. To be sure, gaining 1,600 jobs per month in the first nine months of 2002 is a considerable improvement over losing 16,000 jobs per month in 2001. Instrumental in that change were sharp drops in the rate of job losses in business services, electronic components manufacturing, and industrial machinery manufacturing coupled with pickups in job growth in retail trade and the motion picture industry. Most of the improvement has come from a slowdown in job losses in the San Francisco Bay Area in 2002. Unfortunately, job gains have slowed in much of Southern California this year. Overall, there are no signs that total state employment is about to accelerate. Furthermore, while unemployment has inched downward in recent months, it remains above 6 percent (Chart 2).



Personal income increased in the first two quarters of 2002—a welcome development after the declines in the last three quarters of 2001. While job losses were about average for a post-World War II recession, inflation-adjusted personal income suffered its sharpest decline of any post-World War II recession (Chart 3). The reason for this unprecedented disparity is the sharp decline in

Chart 3  
California Recessions\*

Peak	Trough	Length (months)	Rank (1=Worst)	Decline in NF Employ. <sup>1</sup>	Rank (1=Worst)	Decline in Inflat.-adj. Pers. Inc. <sup>2</sup>	Rank (1=Worst)
Sep-48	Jan-50	16	3	4.0%	2	n.d.	n.d.
Jul-53	Mar-54	8	6	1.8%	8	n.d.	n.d.
Sep-57	Apr-58	7	7	3.1%	4	n.d.	n.d.
Apr-60	Jul-60	3	10	0.6%	10	n.d.	n.d.
Dec-69	Jan-71	13	4	2.5%	5	-0.4%	6
Oct-74	Apr-75	6	8	1.8%	7	0.8%	5
Feb-80	Jul-80	5	9	0.9%	9	2.2%	3
Jul-81	Dec-82	17	2	3.3%	3	1.8%	4
Jul-90	May-93	34	1	4.2%	1	4.5%	2
Jan-01	Jan-02	12	5	2.0%	6	4.9%	1
Average		11.9		2.4%		2.3%	

\* Defined by peaks and troughs in nonfarm payroll employment  
1. Non-farm employment 2. Inflation-adjusted personal income

n.d.: No data

employee bonus and stock option income brought about by the collapse of the stock market. Gains in personal income are expected to be small in the second half of 2002 before strengthening in 2003. Given how modest the recovery has been so far, California housing markets have been surprisingly strong in 2002. Sales of existing, single-family homes were up 3.9 percent in September from a year earlier, and the median price of these homes was up 17.3 percent, according to the California Association of Realtors. Decades-low mortgage rates were instrumental in this high level of activity.

Commercial real estate markets did not fare as well. Office vacancies increased in most California metropolitan areas in the second quarter of 2002, both from quarter-ago levels and year-ago levels. The San Jose and San Francisco metropolitan areas and Orange County stood out for having office vacancy rates considerably above the national average for metropolitan areas. Industrial vacancy has not been as much of a problem. Industrial vacancy is slightly above the national average in San Francisco. Sacramento's rate, however, is considerably above the national average. Vacancy rates in San Diego and Los Angeles, on the other hand, are comfortably below the national average.

Exports of California-made merchandise have been hit hard by the slowing economies of most of the state's major trading partners. Exports declined almost 20 percent from year-earlier levels in the first half of 2002.

The California economy is tracking the national economy quite closely. As goes the nation, so will go California.

Regional  
Economic  
Forecast



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# CSUF Economic Forecast for the Southern California Region



## The National Outlook

Many so-called new ideas of the last decade about the economy seem to have come to naught in the last eighteen months. Boosted by high growth rates of output, some analysts had come to assume that business cycles have been tamed. But a three-quarter long decline in 2001 in gross domestic product (GDP) put that assumption to rest. The "New Economy" idea based on roaring growth of the dotcom firms has come under intense scrutiny and is undergoing major revisions.

While dismay and gloom surround us, as of the writing of this report in early October, we believe that the path to future recovery of the U.S. economy will depend on the behavior of productivity, consumer spending, business investment pick up and monetary and fiscal policies in the near term. But the most important, and unpredictable, factor is the possibility of war with Iraq.

There is little doubt that information technology innovations and deregulation of the nineties were the major drivers of productivity gains. While it appears that the productivity gains are here to stay they are more likely to be smaller than the current estimates. Consumer spending is likely to get less support from discounts from the auto industry and refinancing of home equity than it has in the last several months. Business investment will be slow to revive given the uncertainty over war, corporate governance issues and the sluggishness of global economies.

The global economic outlook critically depends on the recovery of its largest economy, the United States. A war with Iraq cannot be ruled out at this time though our assumption is that it is not imminent given the intensity of current efforts to send inspectors to Iraq. The path of war is always uncertain and the resulting oil price increase will certainly add to the cost of such a war. The Federal Reserve Bank still holds the interest rate card. The assumption underlying our forecasts is that the U.S. will not unilaterally attack Iraq. We expect GDP to grow by 2.5% this year followed by growth rates of 2.9% in 2003 and 3.5% in 2004.



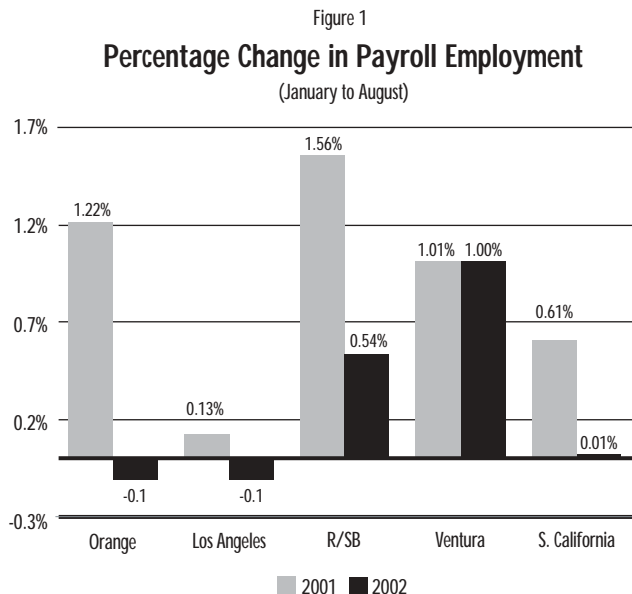
## Southern California Economic Outlook and Forecasts

During 2001, payroll jobs in the six-county Southern California region (Orange, Los Angeles, Riverside, San Bernardino, Ventura, and Imperial) grew by 1.45%, to 6,860,500, and the average unemployment rate was 5.1%. This compares with a 5.3% unemployment rate for California and a 4.8% rate nationally. The 2001 growth rates for payroll jobs were 1.5% for California and 0.2% for the U.S.

Job growth in Southern California in 2002 has been confined to the government, wholesale trade and finance, insurance and real estate sectors. All other areas suffered job losses. Construction, services, and retail industries that led with sizeable gains in 2001 all lost jobs this year. As a result, through August of this year the region has a small increase of 1,300 jobs compared to a gain of 97,900 jobs in 2001. The region's job growth has come to a standstill and this trend is likely to continue for the rest of the year.

For the whole year 2002, we expect payroll jobs to decline by 10,900 for a -0.2% annual rate of change. There will be a moderate recovery in 2003 with payroll jobs projected to increase by 74,700 for a 1.1% annual gain. We expect the growth rate to improve to 1.9% in 2004.

Through August 2002, average unemployment rates were 6.1% for Southern California, 6.4% for California and 5.7% for the nation. The payroll job changes for the first eight months of this year were 0.01%, 0.0%, and -0.9% for Southern California, California, and the United States, respectively (Figure 1).



Port closures on the West Coast due to labor disputes could not have come at a worse time. Los Angeles-Long Beach ports handle much of the cargo for the region and a large portion of the goods shipped to national markets. Though the forcible opening by President Bush has prevented major losses, several businesses will suffer higher costs from the two-week closure. It may be that initially only the businesses directly involved in transportation industries are affected by the closures, but under prolonged closure it would have quickly affected the larger economy. The issue is far from resolved but it provides the economy a critical respite for a few months.

An overlooked burden expected to affect local economies is the shortfall in state revenue. From a 23% increase in fiscal 2000, California's revenue fell by 14% in fiscal 2002. Through one-time adjustments and postponing tougher budget measures, the \$24 billion dollar state budget was approved on September 5th, a record 67 days past the deadline. But much tougher actions with longer-term impacts, including painful job reductions, will be needed after the November elections to keep the state budget in balance.

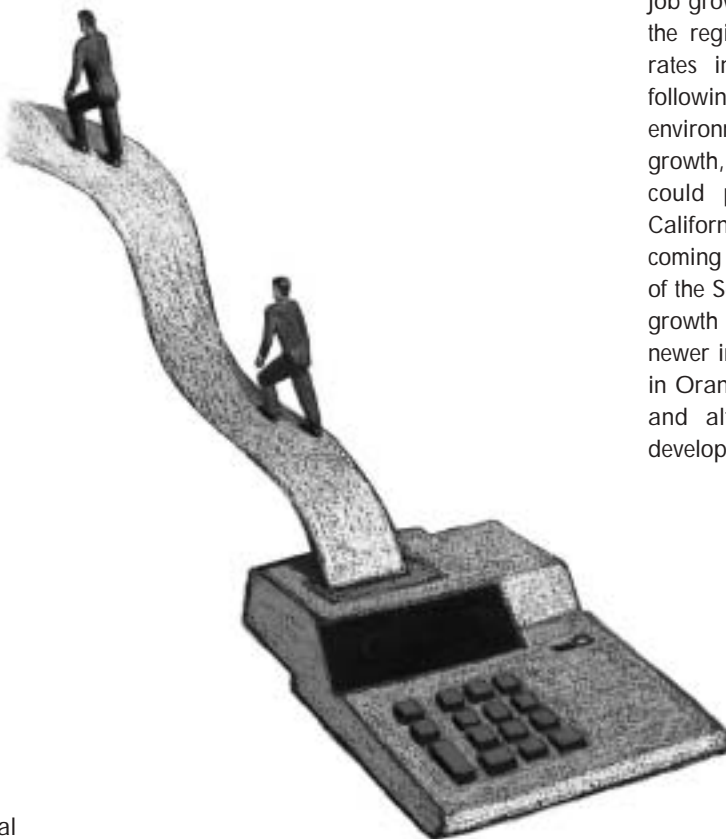
Another major issue facing Southern California, and in fact the state as a whole, is lack of housing. Vigorous growth in home building activity, such as took place in the eighties, did not materialize in the nineties. The situation is a lot worse in Southern California than in the rest of the state. The accompanying table shows the ratio of jobs to housing for the period 1995-2001. It shows the number of new jobs created for each housing unit permit issued. The higher the number, the worse the new housing situation.

**Ratio of New Jobs to Building Permits  
1995-2001**

U.S.	1.38
California	2.66
Southern California	2.85
Orange County	3.59
Riverside-San Bernardino	2.05

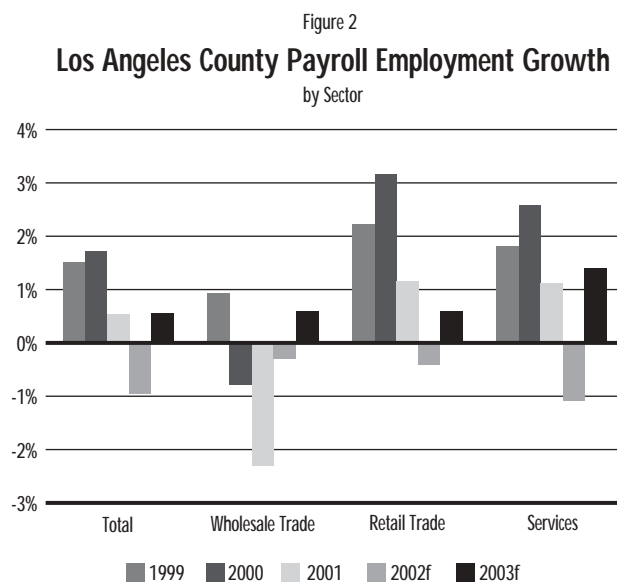
Nationally, for every 1.38 jobs created a housing permit was taken out, but for California one permit was taken out for every 2.7 jobs. For Southern California the new jobs/permits ratio is 2.9, for Orange County 3.6, and for Riverside-San Bernardino 2.05. In other words, housing construction has not kept up with the new jobs created in Southern California. The situation is a little better in the Inland Empire and worse in Orange County as compared to the regional average but the overall housing growth in the region still is slower than for the nation and the state.

The lack of sufficient housing poses a more immediate risk as well as a long-term challenge to job growth. Housing prices have been escalating in the region in the last three years, at double-digit rates in some counties. Clearly such increases following a recession in 2001, and in the current environment of low inflation and slow economic growth, are not sustainable. Housing price inflation could pose additional risks for the Southern California economy if the economy falters in the coming months. Continuing growth of the economies of the Southern California region requires adequate growth in housing, especially affordable housing for newer immigrants. Given the limited supply of land in Orange County, the problem is more acute there and alternatives to the traditional patterns of development need to be adopted.

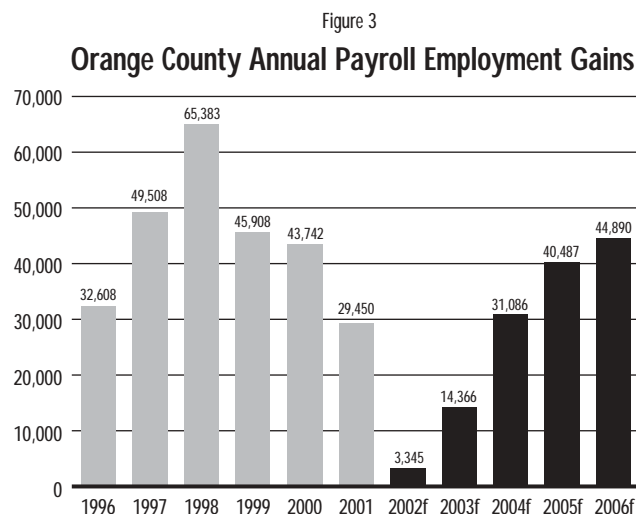


**Los Angeles County's** unemployment rate in the first eight months of 2002 averaged 6.7%, up from 5.7% in 2001. The county gained 21,700 payroll jobs in 2001 but has already shed almost 34,000 this year. All major sectors lost jobs except the finance, insurance and real estate sector, which showed small gains in both 2001 and 2002. The largest category, services, has lost 15,000 jobs this year, about the same number it gained in 2001. Within the services sector, the net losers were motion pictures and business services, while health services, private education and engineering and management services increased their shares in the sector. Real estate and construction both lost jobs this year, reversing the gains of 2001.

For 2003, Los Angeles County is expected to add 24,900 jobs for an annual rate of growth of 0.6% (Figure 2). Transportation and public utilities, finance, insurance and real estate and services sectors will all be adding jobs. There has been a recent resurgence of film production in the area that is expected to lead to job gains in that sub-sector.



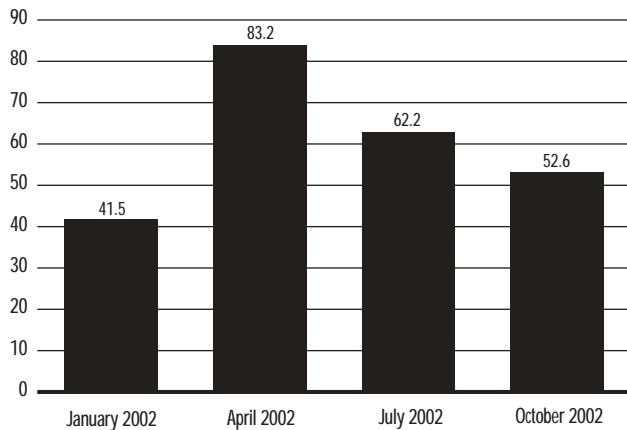
The **Orange County** unemployment rate of 4.2% in July 2002 was the highest in the last six years. While the county added 29,500 payroll jobs in 2001, a 2.1% annual rate of growth, the total for



new jobs added through July 2002 was only 3,300, or 0.2% at an annual rate (Figure 3). Furthermore, since the second quarter of this year, the rate of new payroll jobs created has slowed down and the second half is likely to show a loss of jobs. It is expected that Orange County will add only 3,400 jobs total in 2002, representing annual growth of 0.2%.

The slower growth of payroll jobs in 2002 is widespread. Among the major sectors, growth in retail employment came to a standstill in 2002 after growing by more than 3 percent in the previous two years. The services sector has added only 2,000 jobs this year after gaining 11,000 in 2001, and construction employment grew by only 700 in 2002 compared to a gain of 2,700 in 2001. The fastest growing sector at this time is government, which has added 4,000 jobs so far. However, given the precarious budget situation, prospects for its continued growth are cloudy.

Figure 4  
Orange County Business Expectations  
OCBX Index



The quarterly *Orange County Business Expectations Index*, **OCBX**, produced by the Institute for Economic and Environmental Studies at Cal State Fullerton fell to 52.6 for the 4th quarter (Oct.-Dec. 2002) from 83.5 in the second quarter and 62.2 in the 3rd quarter (Figure 4). A value of fifty indicates no change while a reading of less than 50 would signal that business leaders expect local and regional economic activity to decline in the quarter.

Orange County's 2003 employment growth forecasts reflect the general weakness of the national economy. We expect the county's economy to add only 14,400 jobs for an annual growth rate of approximately one percent (Figure 3). Most of these gains will take place in the second half of next year as technology sectors recover and the overall economy improves. Other sectors contributing to this growth are likely to be services, wholesale trade, and non-durable goods. We project that payroll employment growth in the county will improve to 2.2% in 2004.

**Riverside and San Bernardino Counties** have shown the healthiest economic growth in the Southern California region. While the average unemployment rate has increased to 5.6% this year from a 5.0% rate in 2001 and the rate of payroll job growth has fallen to 2.3% from 4.1% last year, this performance is still better than that of any other county in the region (Figure 5). After gaining 40,700 payroll jobs in 2001, the two counties together added another 23,600 jobs this year. Services and trade, the two largest sectors, added 8,800 and 2,800 jobs, respectively. Construction, finance, insurance, and real estate, and the government sectors too showed job increases. A rapidly growing population continues to provide the momentum for significant growth in the Inland Empire.

Figure 5  
Riverside/San Bernardino MSA  
Payroll Employment Growth

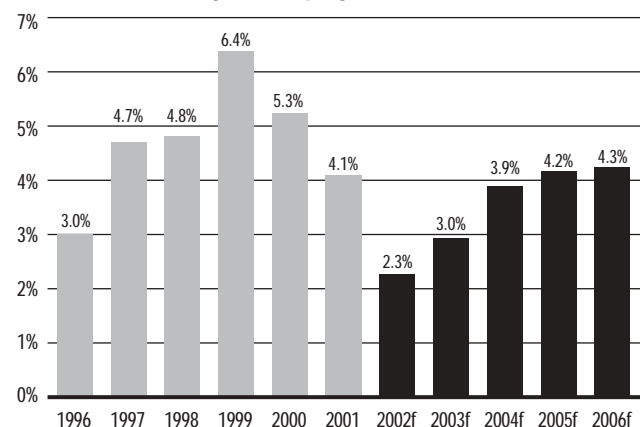
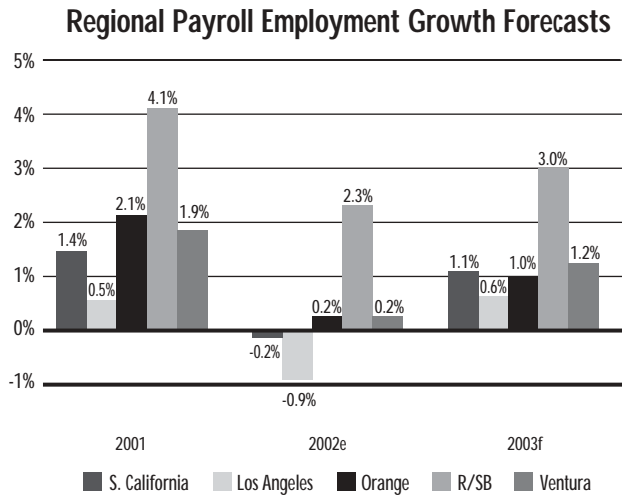


Figure 6



In 2003, we expect Riverside-San Bernardino payroll jobs to grow by 31,100 for a 3% increase, the largest of any other sub-region within Southern California. Non-durable goods, services, wholesale trade, and construction are also expected to add jobs. For 2004, the projected payroll employment growth rate is 3.9% (Figure 5).

**Ventura County's** unemployment rate increased to an average of 5% in 2002 compared to a 4.5% rate in 2001. Its payroll jobs increased by a paltry 400 in the first eight months of 2002 compared to a gain of 5,100 in 2001. The construction sector showed the largest losses while non-durable goods and the finance, insurance and real estate sectors showed small job gains. In 2003, Ventura County payroll employment is expected to grow at a 1.2% annual growth rate, improving to 2.3% in 2004.

**Imperial County**, the smallest of the six counties in terms of jobs, has gained over 1,100 jobs this year following a rise of 800 jobs last year. The biggest improvement took place in the non-durable goods sector, where employment rose by 5.6%. The county's unemployment rate has declined

to an estimated 17.3% this year compared to a rate of 21.4% last year. In 2003, Imperial County is expected to add about 800 jobs for a 2.1% annual rate of growth. Details on the Imperial County economy and employment are shown in the CSUF County Forecasts section on pages 34 and 35.

## Summary

To sum up, the Southern California region is expected to show little change in its payroll employment this year as compared to last year and only a moderate increase of 1.1% in 2003 (Figure 6). Payroll job growth will improve to 1.6% in 2004. The region's longer-term prospects, however, remain healthy. The current economic slowdown, under our assumptions, will come to an end in mid-2003. Our five-year projections for the Southern California region show an average employment growth rate of 1.6% per year, down from 2.5% in the previous (1997-2001) five year period.





# CSUF ECONOMIC FORECAST FOR THE SOUTHERN CALIFORNIA REGION

Southern California  
Historical Data

	1997	1998	1999	2000	2001
--	------	------	------	------	------

## LEVELS IN THOUSANDS

### POPULATION

Total population	15,808.0	16,000.1	16,278.4	16,615.7	16,966.4
Annual percentage change	1.3%	1.2%	1.7%	2.1%	2.1%

### HOUSEHOLD EMPLOYMENT

Labor Force	7667.1	7915.9	8037.4	8264.2	8,452.9
Total Employment	7181.7	7449.2	7619.4	7858.8	8,020.9
Total Unemployment	485.4	466.7	418.0	405.4	432.0
Unemployment Rate	6.3%	5.9%	5.2%	4.9%	5.1%

### WAGE & SALARY EMPLOYMENT

Mining	9.2	8.0	7.0	6.6	6.9
Construction	232.2	258.8	286.3	304.3	317.4
Manufacturing	1,023.1	1,042.5	1,029.2	1,025.0	998.7
Durable Goods	608.3	628.1	613.8	607.2	594.2
Nondurable Goods	414.8	414.4	415.4	417.8	404.6
Transportation & Public Utilities	310.5	329.8	345.8	358.5	365.3
Total Trade	1,454.7	1,486.7	1,524.9	1,567.9	1,589.7
Wholesale Trade	413.4	424.6	432.1	434.1	430.8
Retail Trade	1,041.4	1,062.1	1,092.8	1,133.8	1,159.0
Finance, Real Estate & Insurance	356.5	374.1	383.8	385.1	398.1
Services	1,933.8	2,003.5	2,065.7	2,135.5	2,172.8
Total Government	897.9	909.4	944.6	979.8	1,011.6
<b>Total Nonfarm Employment</b>	<b>6,218.0</b>	<b>6,412.8</b>	<b>6,587.2</b>	<b>6,762.6</b>	<b>6,860.5</b>

### PERCENTAGE CHANGE

Mining	-4.2%	-12.4%	-12.8%	-5.2%	4.8%
Construction	6.4%	11.4%	10.6%	6.3%	4.3%
Manufacturing	3.6%	1.9%	-1.3%	-0.4%	-2.6%
Durable Goods	4.8%	3.3%	-2.3%	-1.1%	-2.1%
Nondurable Goods	1.9%	-0.1%	0.2%	0.6%	-3.2%
Transportation & Public Utilities	3.4%	6.2%	4.8%	3.7%	1.9%
Total Trade	2.6%	2.2%	2.6%	2.8%	1.4%
Wholesale Trade	3.8%	2.7%	1.8%	0.5%	-0.8%
Retail Trade	2.2%	2.0%	2.9%	3.7%	2.2%
Finance, Real Estate & Insurance	2.9%	4.9%	2.6%	0.3%	3.4%
Services	2.8%	3.6%	3.1%	3.4%	1.7%
Total Government	1.2%	1.3%	3.9%	3.7%	3.2%
<b>Total Nonfarm Employment</b>	<b>2.8%</b>	<b>3.1%</b>	<b>2.7%</b>	<b>2.7%</b>	<b>1.4%</b>

## LEVELS IN MILLIONS

### PERSONAL INCOME

Personal Income	400,059	431,053	454,054	484,817	500,127
Annual percentage change	5.4%	7.7%	5.3%	6.8%	3.2%
Per capita income (\$)	25,307	26,941	27,893	29,178	29,477

### TAXABLE SALES

Total taxable sales	155,391	164,011	179,180	197,501	198,432
Year to year percentage change	5.7%	5.5%	9.2%	10.2%	0.5%

Regional  
Economic  
Forecast

	2002e	2003f	2004f	2005f	2006f
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#### LEVELS IN THOUSANDS

##### POPULATION

Total population	17,201.5	17,436.7	17,662.4	17,853.5	18,048.5
Annual percentage change	1.4%	1.4%	1.3%	1.1%	1.1%

##### HOUSEHOLD EMPLOYMENT

Labor Force	8,549.7	8,627.5	8,752.0	8,894.0	9,025.9
Total Employment	8,066.0	8,131.3	8,279.5	8,430.3	8,587.3
Total Unemployment	483.7	496.1	472.5	463.7	438.6
Unemployment Rate	5.7%	5.8%	5.4%	5.2%	4.9%

CSUF Forecast for  
Southern California

##### WAGE & SALARY EMPLOYMENT

Mining	7.0	6.9	6.8	6.7	6.4
Construction	317.6	318.8	329.4	344.1	363.0
Manufacturing	973.7	967.5	966.4	972.6	981.2
Durable Goods	574.3	562.0	554.3	553.9	555.8
Nondurable Goods	399.4	405.6	412.0	418.7	425.5
Transportation & Public Utilities	364.8	371.6	380.9	390.5	402.3
Total Trade	1,590.1	1,603.7	1,626.2	1,654.6	1,686.0
Wholesale Trade	430.7	436.1	442.2	450.1	460.7
Retail Trade	1,159.4	1,167.6	1,184.0	1,204.5	1,225.4
Finance, Real Estate & Insurance	403.2	411.6	420.3	429.8	443.8
Services	2,169.8	2,211.7	2,274.2	2,346.7	2,425.9
Total Government	1,023.3	1,032.5	1,053.4	1,082.7	1,110.5
<b>Total Nonfarm Employment</b>	<b>6,849.6</b>	<b>6,924.3</b>	<b>7,057.6</b>	<b>7,227.7</b>	<b>7,419.3</b>

##### PERCENTAGE CHANGE

Mining	1.4%	-1.5%	-1.8%	-2.1%	-4.2%
Construction	0.1%	0.4%	3.3%	4.5%	5.5%
Manufacturing	-2.5%	-0.6%	-0.1%	0.6%	0.9%
Durable Goods	-3.3%	-2.1%	-1.4%	-0.1%	0.3%
Nondurable Goods	-1.3%	1.5%	1.6%	1.6%	1.6%
Transportation & Public Utilities	-0.1%	1.9%	2.5%	2.5%	3.0%
Total Trade	0.0%	0.9%	1.4%	1.7%	1.9%
Wholesale Trade	0.0%	1.2%	1.4%	1.8%	2.3%
Retail Trade	0.0%	0.7%	1.4%	1.7%	1.7%
Finance, Real Estate & Insurance	1.3%	2.1%	2.1%	2.3%	3.3%
Services	-0.1%	1.9%	2.8%	3.2%	3.4%
Total Government	1.2%	0.9%	2.0%	2.8%	2.6%
<b>Total Nonfarm Employment</b>	<b>-0.2%</b>	<b>1.1%</b>	<b>1.9%</b>	<b>2.4%</b>	<b>2.7%</b>

#### LEVELS IN MILLIONS

##### PERSONAL INCOME

Personal Income	509,880	527,662	553,267	584,256	620,251
Annual percentage change	2.0%	3.5%	4.9%	5.6%	6.2%
Per capita income (\$)	29,642	30,262	31,325	32,725	34,366

##### TAXABLE SALES

Total taxable sales	198,326	203,172	217,015	232,740	252,173
Year to year percentage change	-0.1%	2.4%	6.8%	7.2%	8.3%

Regional  
**Economic**  
Forecast



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# SULB Economic Forecast for the Southern California Region

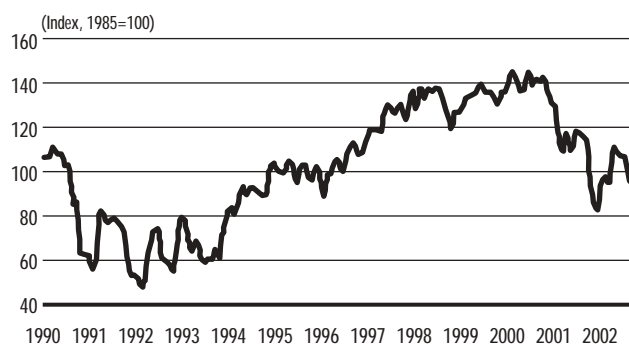


## The Nation

As if a two-and-one-half year bear market wasn't bad enough, confidence in the nation's financial markets took a serious hit with reports of accounting irregularities and the corporate scandals that followed. The changing valuation of wealth associated with the financial markets is causing firms and governments to assess their pension liabilities as well as causing individuals to re-evaluate their retirement plans. To make matters worse, the prospect of war with Iraq has introduced an added element of uncertainty. Crude oil prices have risen in anticipation of a disruption in the orderly supply of this important energy source. So, it's little wonder that consumer confidence has slowly deteriorated—approaching the lows of last year—as depicted in Figure 1.

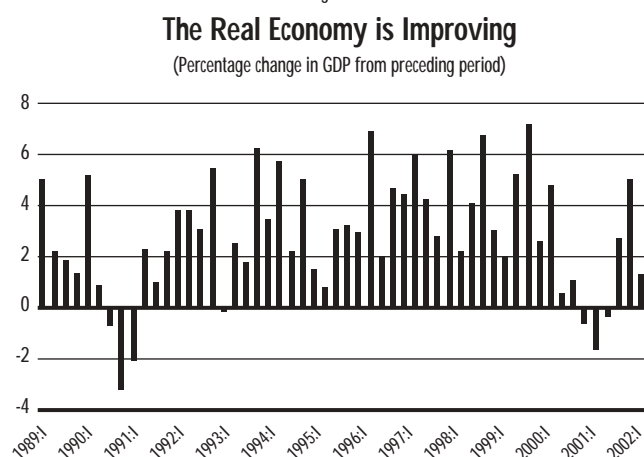
Despite the raft of bad news, the real economy is doing pretty well. The U.S. economy went into recession in March 2001, ending a precedent-setting ten-year expansion. The 2001 recession is remarkably similar to the 1990 recession. Both recessions were relatively short-lived and represented a mild downturn in economic performance, as can be seen in Figure 2. While the downturns were mild their causes differed. The 1990 recession was in part a consequence of the Fed's aggressive action to counter an inflation surge that began in an earlier period. This time the challenge was dealing with excess capacity, especially in the high tech-sector. As can be seen from Figure 3, gross private domestic investment began its slide in mid 2000. Significant innovations and improvement in supply chain management were thought to be the key to inventory control and the ability to dampen the business cycle. While that may have been true, the reaction to the September 11 terrorist attacks was to expect a consumer retreat, and orders were cut back. Contrary to expectations, consumption expenditure roared back in the fourth quarter with an annualized growth of 6.0 percent, dramatically

Figure 1  
**Consumer Confidence Weakens**  
1990-2002 (September)



Source: The Conference Board

Figure 2



depleting inventories. This, in turn, caused a surge in restocking inventories, which can be seen in the growth in gross private domestic investment spending in the first two quarters of this year contained in Figure 3.

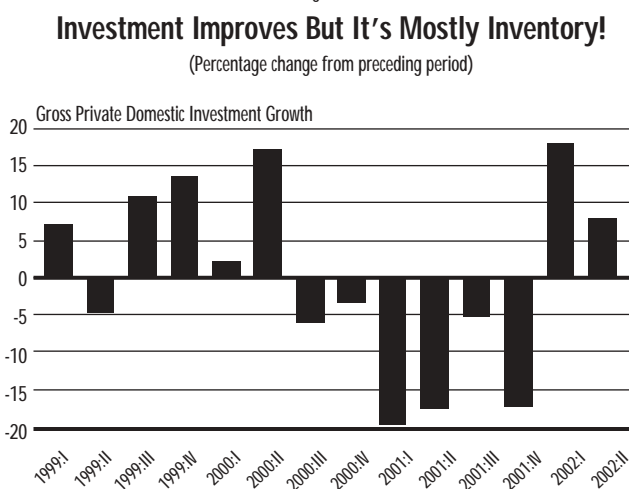
Consumption expenditure and the buildup in federal expenditures on homeland security and national defense have been the sources of U.S. GDP growth in recent quarters. Consumers buoyed by rising wealth associated with the increase in housing prices, record low interest rates—which brought yet another wave of refinancing—and the lure of zero percent financing have actively kept the economy afloat. The tourism market, at least the domestic component of this market, is approaching pre-9/11 levels of occupancy. The commercial airline industry, however, remains a troubled sector. While 9/11 played a part in their difficulties, the air travel industry was already experiencing great difficulties before September 11 and it will be some time before this sector improves.

While we believe that the national economy is in a recovery mode, there are a number of weak sectors. State and local governments, which were a source of growth during the expansion, face considerable fiscal difficulties. Revenue growth is dramatically reduced due to the declining values of the stock market and the slowing economy. In many jurisdictions elected officials treated the tax returns from a booming stock market as a recurring source of revenues and funded programs, which now exacerbates the difficulties associated with balancing their budgets. The uncertainty associated

with a war in Iraq, which is by no means inevitable, affects consumer confidence and the financial markets. The economic impact of a war with Iraq on the U.S. economy is likely to be small. The dampening in economic performance caused by higher energy prices and further erosion in consumer confidence would likely be offset, at least in part, by increases in federal expenditures.

While weakness remains in the economy, we do not expect a double-dip recession. The economy is showing signs of improvement, albeit at a relatively modest pace. Investment demand, especially the all-important component of equipment and software, appears to have bottomed out and is showing signs of improvement. Unlike the over-investment in commercial real estate in the late 1980s, investment in the high-tech areas, especially computers and software, has a relatively short life expectancy. Thus it will not take as long to work the excesses out of the economy. Unfortunately, such is not the case in telecom, where excess capacity will plague this market for some time. Overall, we expect the national economy to grow 2.5 percent this year, followed by growth in the 2.8 to 3.2 percent range in 2003. This growth is above the long-term trend of 2-2.5% and reflects the improvement in the productivity numbers of recent years.

Figure 3



Inflation is not an immediate, nor is it a near-term problem. We expect some uptick in inflation due to rising energy prices as well as a weakening in the dollar, which causes prices of imported goods to rise. Given the fragile nature of the recovery, we expect the Fed to be somewhat flexible regarding further reductions in the federal funds rate, and we do not contemplate an increase in rates until late 2003. With the nominal federal funds rate at 1.75%, given the current level of inflation, the real rate of interest is zero. While some in the financial community continue to clamor for another 25 basis point reduction, such a reduction will do little to help the stock market and, more importantly, will have little effect on the real economy at the present time.

We remain optimistic and look for continued improvement in U.S. economic performance for the remainder of the year and strong improvement in 2003 and 2004.

## The Regional Economy

Last year we argued that the regional economy, despite the major restructuring that took place in the early 1990s, was not so diversified and independent that the region was immune to the slowing in the national economy. During 2002 we have seen a significant slowing in the rate of job formation in the region. In fact, in a comparison of year-over-year growth based on third quarter employment, the regional economy suffered a loss of 3,000 jobs. When we annualize the employment data on the basis of a calendar year, the region shows a slight increase in jobs, with a growth rate of just 0.2 percent.

In focusing on the data in Table 1, the reduction of 3,000 jobs masks the distributional pattern of job growth and contraction. Los Angeles County lost 28,000 jobs and Riverside/San Bernardino Counties gained 27,000 jobs, with the remaining losses spread almost evenly across Orange and Ventura Counties. Regional job losses are heavily concentrated within the manufacturing sector. These job losses mirror the nation, where the manufacturing sector has posted 25 straight months of employment decline. Last August, U.S. manufacturing employment was reduced by 68,000 jobs, the largest monthly decline since January 2001. The region's largest manufacturing employment losses were in Los Angeles County; although losses were observed in the other counties, including the Inland Empire, which until recently was able to buck the national trend. The job losses in Los Angeles County manufacturing are fairly broad based, crossing almost every sector of durable manufacturing. The heaviest losses are in transportation equipment, reflecting the continuing difficulties in the commercial aerospace industry. Other losses in electronic equipment and instruments and related products reflect both excess capacity problems at the national level and a weak export market. The most significant losses in nondurable manufacturing are in apparel and textiles. For several years, regional apparel employment has been increasing as the nation was experiencing significant job losses in its apparel employment. However in recent years, regional apparel employment has fallen due to increased foreign competition and the general slowing in regional personal income.

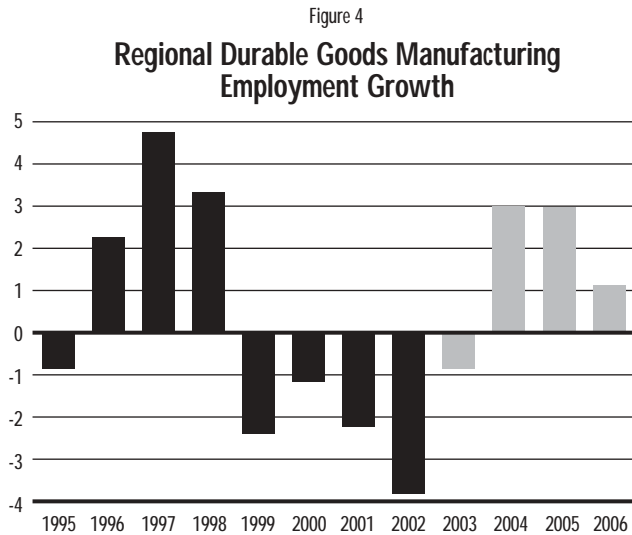
Table 1

### Regional Employment

2001:3 to 2002:3

Sector	2001:3	2002:3	Difference	Growth
Mining	6,933	7,033	100	1.4%
Construction	324,967	322,133	-2,834	-0.9%
Durable Manufacturing	589,400	569,234	-20,166	-3.4%
Nondurable Manufacturing	402,200	397,100	-5,100	-1.3%
TCU	364,299	362,933	-1,366	-0.4%
Wholesale	428,833	428,833	0	0.0%
Retail	1,149,467	1,151,800	2,333	0.2%
FIRE	398,467	402,500	4,033	1.0%
Services	2,169,700	2,169,933	233	0.0%
Federal Government	91,266	90,366	-900	-1.0%
State & Local Government	871,767	892,400	20,633	2.4%
<b>TOTAL</b>	<b>6,797,299</b>	<b>6,794,265</b>	<b>-3,034</b>	<b>0.0%</b>





Unfortunately, we do not anticipate a quick recovery for manufacturing in the region, as can be seen in Figure 4. Expect to see job growth in 2004, but not before. We think that the region's defense-based manufacturers will be relatively effective in competing for the new generation of weaponry and other defense-based products. But many of these new jobs will be higher-wage research and design jobs rather than jobs on factory floors. Nonetheless, the procurement process is a long one, and it will take until 2004 before we see significant job gains in manufacturing.

Construction employment has slowed significantly in the past year. Commercial construction and general office construction have started to drop both within the region and the nation. Vacancy rates, commercial, industrial and office space, in many jurisdictions within the region have either remained flat or dramatically risen. Much of the softness in this market reflects the maladies of the manufacturing sector. Residential construction, in terms of its rate of growth, is slowing, as reflected in the rate of growth of building permits. Growing concerns over congestion and environmental issues have made it much more difficult to develop new residential sites. The imbalance between supply and demand has driven up housing prices at a faster rate than that of the nation. Despite significant increases in regional

income, we are once again entering a period where housing affordability, especially in Orange and Los Angeles Counties, will constrain our ability to retain existing firms and attract new firms to the region. Construction employment growth should improve in 2003, rising to 3.4 percent, and gradually accelerate to 6.0 percent by the end of the forecast horizon, as indicated in Figure 5.

Based on third quarter 2002 data, the transportation, communication and utility aggregate (TCU) showed a slight decline in employment. Most of the job loss was in the communication sector and much of it took place in Orange County. Other losses, which are relatively small, occurred in trucking and warehousing activities and reflect the general slowing in retail sales. We expect this sector to be flat this year and to show mild improvement in the coming years. Expect employment growth slightly below the 2 percent mark.

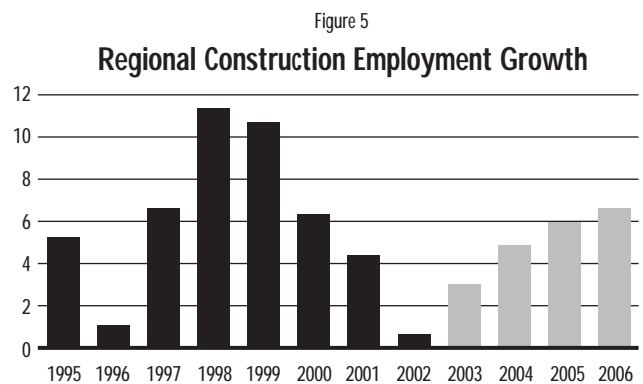
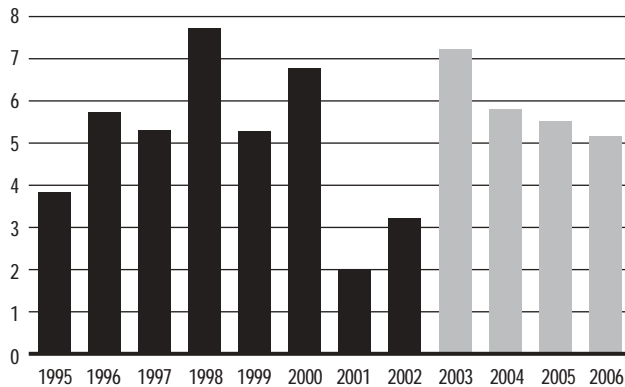


Figure 6

### Regional Taxable Sales Growth



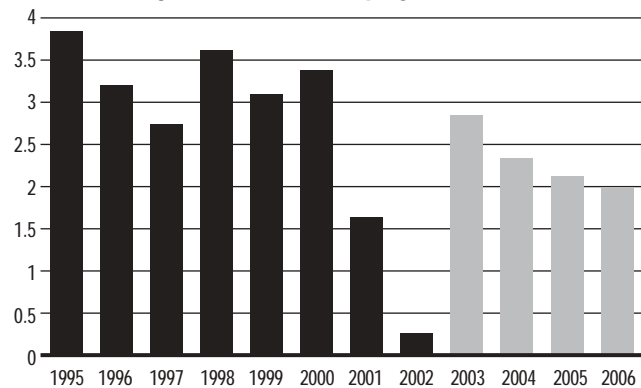
We expect the trade sectors, by year-end, to remain flat in terms of employment growth. With its heavy reliance upon tourism, the region has suffered from the impacts of the terrorist attacks. Hotel occupancy in many of our coastal cities has finally returned to pre-9/11 levels. However, the improvement in occupancy has come at the cost of significant price discounting, which negatively impacts the transient occupancy receipts of the coastal and resort cities. Domestic tourists, many traveling by automobile, have replaced business and foreign travelers in our region. Typically, the foreign and business travelers stay longer and spend more than domestic tourists. The distributional change in tourism has negatively impacted retail sales in these communities. This differential, along with the significant slowing in regional personal income, caused taxable sales to slow markedly in 2001 and 2002. We expect a strong rebound in taxable sales in 2003 as depicted in Figure 6.

The slowing in taxable receipts and the well-publicized problems with the state budget will lead to a significant slowing in job formation in state and local government. Most of the impressive job gain during the 1998-2000 period in the state and local government sector was in school districts. Schools hired significant numbers of teachers in their attempt to meet enrollment demand and reduce class size, especially in the lower grades. The budgetary situation will constrain employment growth to a meager 1 percent per annum.

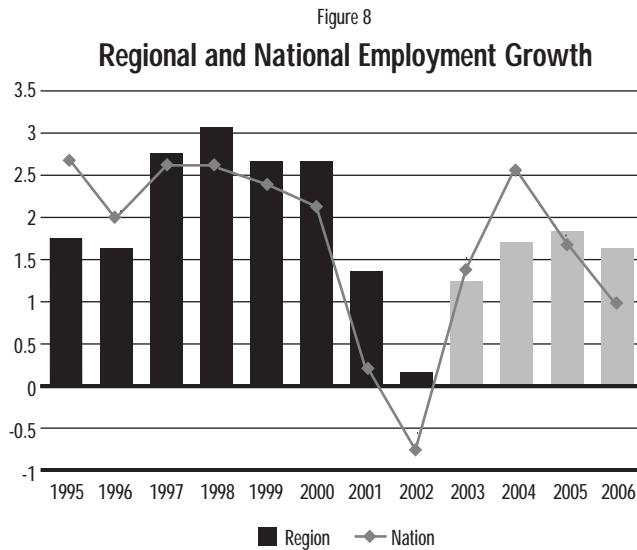
The finance, insurance and real estate aggregate (FIRE) posted a modest employment gain in both 2001 and 2002. Much of this gain is associated with the housing market. With mortgage rates at levels not seen in a generation, homeowners have rushed out to refinance their home mortgages. The low mortgage rates ease the burden in qualifying first-time buyers and raise the demand for housing. Given the constraints in adding to the housing stock and the historical imbalance between the ability of the region to add jobs and to increase its housing stock, we do not believe that the housing market is a bubble, at least not in Southern California. Housing prices fell during the recession of 1990; however, that recession differentially impacted our regional income, causing a major restructuring of the regional economy. In addition, that recession also saw a dramatic increase in out-migration. The current recession, while painful in some sectors, is relatively mild compared to the 1990 recession or to other regional economies during the current period.

Figure 7

### Regional Services Employment Growth



The real difficulties facing the region are perhaps most evident in the services sector. Figure 7 arrays the annual growth in services from 1995 through the forecast period. In 2002, growth is virtually flat, a clear sign of the slowing in our economy. Three out of every ten jobs are in this sector. Business services, especially temp employment, have experienced job losses. Motion picture employment is down at the end of the third quarter. Much of the decline in this industry relates to the build up in product in anticipation of a lengthy



strike with the writers and screen actors unions. Fortunately, the strike never materialized, but the backlog meant that studios had little incentive to develop new product. It appears that the studios' inventory is being depleted and tentative data suggests that motion picture employment should pick up in the coming months.

Figure 8 displays annualized employment growth for the region and the nation. For both, 2002 is the bottom of the cycle. Southern California barely avoids crossing the horizontal zero line into negative job formation, but the U.S. as a whole does not. By 2003 and 2004 the region and the nation are both in an expansionary mode.

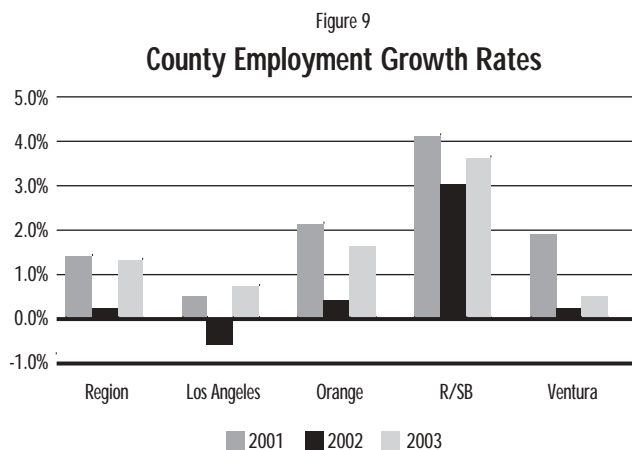


Figure 9 compares regional and individual county employment growth. The job creation performance of the five counties looks very similar to that of the region. Expansion in 2002 was less than that which took place in 2001, and growth in 2003 will be stronger than 2002. Los Angeles County, which has flirted with negative job formation, will in fact experience absolute job losses this year. Orange County arguably experienced the strongest shift in its economy, moving from a growth rate of 2.1 percent to 0.4 percent. The Inland Empire only looks like it's slowing when you compare its 3 percent growth with earlier years of 5 to 6 percent growth. Lastly, Ventura County's economy will remain fairly flat in 2002-2003.

## Summary

The 2001 national recession and the lackluster economic recovery have slowed the region's job growth. The region, with its heavy reliance on tourism, has had to cope with the impacts of the terrorist attacks of September 11. Prior to September 11, the region's hospitality sector prospects were already dampened by declines in business travel. This industry is slow in recovering and will not be back up to full speed until the international visitors return to their pre-9/11 number. The region's manufacturers are suffering the same maladies as the nation's manufacturers. Firms are reluctant to invest in modernizing equipment and making additions to their capital stock in the face of depressed earnings. However, we think that the worst is behind us and we look for business investment to improve late this year. The region's manufacturers, however, are not expected to add to their employment until 2004.

The effects of the 2001 recession were somewhat lagged in the Southern California economy. This year, 2002, was a difficult one, with the region's economy posting annualized growth of a paltry 0.2 percent. Job growth will pick up in 2003, to 1.3 percent. While the national economy will be in an expansionary mode by 2003, we anticipate that firms will be reluctant to add to their employment base without clear evidence of continued growth in final demand and improvement in their bottom line.

## Imperial County

The economy of Imperial County, unlike the other counties within the Southern California region, has a much stronger and more important agriculture component. The climate in the Imperial Valley, with its mild winters and hot summers, is an ideal environment for year-round farming. In addition to its own population base, Imperial County is able to augment its workforce by its proximity to Mexicali, Mexico. Approximately 20,000 day-workers are able to cross the border and legally work in the United States.

### Agricultural Output and Employment

Although Imperial County has a population of 150,800, representing less than one half of one percent of the total population of the State of California, Imperial County's agricultural employment accounts for over 3 percent of the state's agricultural employment. In fiscal 2001, Imperial County's farmers and ranchers produced \$1.01 billion of agricultural goods. Vegetables, field crops, cattle and livestock products are important components of Imperial County's output, collectively accounting for over 80 percent of the county's agricultural production.

### Nonfarm Employment

The composition of Imperial County's nonfarm employment is quite different than that of the region. In 2001, employment in agriculture and state and local government combined accounted for over 52 percent of the county's employment versus 14 percent in the rest of the SCAG region. More than a quarter of all employment is in the state and local government sector. The relatively large number of prisons and prison employees in the county accounts for the dominance of this sector. As a consequence, when we track and forecast Imperial County's employment we focus on three main sectors: agriculture, state and local government, and all other sectors.

### The Outlook for Imperial County in 2003-2004

Exports are a key factor in the outlook for agriculture in the Imperial Valley. During the first half of 2002, California's agricultural exports fell slightly, by -0.16%. Nevertheless, agricultural exports have held up better than total exports, which fell by almost 20%. However, continued weakness in the economies of our major trading partners will depress growth in the county's agricultural employment over the next few years. Employment in this sector is volatile. We expect agricultural job growth to recover in 2002 but show little improvement thereafter. Growth in state and local government employment will remain positive in the near term, but will slow substantially from recent years due to increasingly strained state and local government budgetary conditions.

Our forecast calls for moderate employment growth in the remaining sectors. Overall, we expect to see nonfarm employment growth of 2.8 percent this year, followed by growth of 2.2 percent in 2003 and just under 2 percent in 2004.

Year	Agriculture	State & Local Government	All Other Sectors	Total Nonfarm	Total Employment	Taxable Sales (\$ Thousands)
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**EMPLOYMENT AND TAXABLE SALES**

1997	13,867	12,450	22,483	34,933	48,800	1,051,327
1998	14,275	12,758	22,650	35,408	49,683	1,105,405
1999	14,350	13,092	23,508	36,600	50,950	1,293,324
2000	12,284	13,658	24,483	38,142	50,425	1,403,530
2001	12,575	14,367	24,608	38,975	51,550	1,372,351
2002e	14,223	14,630	25,442	40,072	54,295	1,412,934
2003f	14,034	14,874	26,072	40,945	54,979	1,489,926
2004f	13,519	15,039	26,686	41,725	55,245	1,570,699
2005f	14,235	15,156	27,113	42,269	56,503	1,653,088
2006f	14,331	15,280	27,537	42,817	57,148	1,737,168

**YEAR-TO-YEAR % CHANGE**

1997	0.4	2.8	2.5	2.6	1.9	3.8
1998	2.9	2.5	0.7	1.4	1.8	5.1
1999	0.5	2.6	3.8	3.4	2.5	17.0
2000	-14.4	4.3	4.1	4.2	-1.0	8.5
2001	2.4	5.2	0.5	2.2	2.2	-2.2
2002e	13.1	1.8	3.4	2.8	5.3	3.0
2003f	-1.3	1.7	2.5	2.2	1.3	5.4
2004f	-3.7	1.1	2.4	1.9	0.5	5.4
2005f	5.3	0.8	1.6	1.3	2.3	5.2
2006f	0.7	0.8	1.6	1.3	1.1	5.1





# CSULB ECONOMIC FORECAST FOR THE SOUTHERN CALIFORNIA REGION

Southern California  
Historical Data

	1997	1998	1999	2000	2001
<b>LEVELS IN THOUSANDS</b>					
<b>LEVELS</b>					
Mining	9,150	8,017	6,992	6,625	6,942
Construction	230,784	257,376	284,834	302,442	315,709
Durable Manufacturing	607,600	627,417	612,992	606,308	593,258
Nondurable Manufacturing	413,733	413,384	414,359	416,775	403,508
Transportation, Commun. & Utilities	308,417	327,809	343,892	356,625	363,367
Wholesale Trade	411,659	422,867	430,184	432,050	428,759
Retail Trade	1,033,892	1,054,400	1,084,917	1,125,550	1,150,634
Finance, Insurance, & Real Estate	355,433	373,050	382,675	383,992	396,767
Services	1,928,425	1,998,033	2,059,917	2,129,800	2,167,067
Federal Government	99,008	95,600	95,809	97,284	91,125
State & Local Government	784,934	799,425	834,033	867,033	904,383
<b>Total Nonfarm Employment</b>	<b>6,183,034</b>	<b>6,377,376</b>	<b>6,550,601</b>	<b>6,724,484</b>	<b>6,821,516</b>
<b>YEAR-TO-YEAR % CHANGE</b>					
Mining	-4.2	-12.4	-12.8	-5.2	4.8
Construction	6.5	11.5	10.7	6.2	4.4
Durable Manufacturing	4.8	3.3	-2.3	-1.1	-2.2
Nondurable Manufacturing	1.9	-0.1	0.2	0.6	-3.2
Transportation, Commun. & Utilities	3.4	6.3	4.9	3.7	1.9
Wholesale Trade	3.8	2.7	1.7	0.4	-0.8
Retail Trade	2.2	2.0	2.9	3.7	2.2
Finance, Insurance, & Real Estate	2.9	5.0	2.6	0.3	3.3
Services	2.8	3.6	3.1	3.4	1.7
Federal Government	-5.2	-3.4	0.2	1.5	-6.3
State & Local Government	2.1	1.8	4.3	4.0	4.3
<b>Total Nonfarm Employment</b>	<b>2.8</b>	<b>3.1</b>	<b>2.7</b>	<b>2.7</b>	<b>1.4</b>
<b>POPULATION</b>					
POPULATION	15,660,154	15,861,763	16,131,763	16,452,783	16,792,833
Percentage change	1.2	1.3	1.7	2.0	2.1
<b>TAXABLE SALES (IN THOUSANDS)</b>					
TAXABLE SALES (IN THOUSANDS)	154,308,716	162,887,308	177,822,619	196,023,610	197,479,791
Percentage change	5.7	5.6	9.2	10.2	0.7
<b>PERSONAL INCOME (IN MILLIONS)</b>					
PERSONAL INCOME (IN MILLIONS)	397,751	428,553	451,460	482,178	491,611
Percentage change	5.3	7.7	5.3	6.8	2.0
<b>BUILDING PERMITS (SIN.-FAM. RESID.)</b>					
BUILDING PERMITS (SIN.-FAM. RESID.)	30,880	33,424	37,618	37,625	40,643
Percentage change	17.4	8.2	12.5	0.0	8.0

Regional  
Economic  
Forecast

	2002e	2003f	2004f	2005f	200f
<b>LEVELS IN THOUSANDS</b>					
<b>LEVELS</b>					
Mining	7,005	6,663	6,266	5,898	5,545
Construction	317,341	328,145	345,107	365,663	389,528
Durable Manufacturing	571,261	566,838	584,280	602,125	609,441
Nondurable Manufacturing	398,101	394,983	395,999	399,256	401,457
Transportation, Commun. & Utilities	363,211	366,869	372,761	379,329	383,363
Wholesale Trade	428,848	429,869	435,111	440,833	445,442
Retail Trade	1,156,279	1,159,158	1,169,935	1,183,106	1,197,886
Finance, Insurance, & Real Estate	402,160	407,273	413,451	421,325	430,517
Services	2,174,508	2,238,271	2,291,753	2,338,897	2,385,791
Federal Government	90,402	92,497	92,883	92,856	92,473
State & Local Government	926,702	937,293	947,490	958,365	970,837
<b>Total Nonfarm Employment</b>	<b>6,835,818</b>	<b>6,927,859</b>	<b>7,055,035</b>	<b>7,187,652</b>	<b>7,312,279</b>
<b>YEAR-TO-YEAR % CHANGE</b>					
Mining	0.9	-4.9	-6.0	-5.9	-6.0
Construction	0.5	3.4	5.2	6.0	6.5
Durable Manufacturing	-3.7	-0.8	3.1	3.1	1.2
Nondurable Manufacturing	-1.3	-0.8	0.3	0.8	0.6
Transportation, Commun. & Utilities	0.0	1.0	1.6	1.8	1.1
Wholesale Trade	0.0	0.2	1.2	1.3	1.0
Retail Trade	0.5	0.2	0.9	1.1	1.2
Finance, Insurance, & Real Estate	1.4	1.3	1.5	1.9	2.2
Services	0.3	2.9	2.4	2.1	2.0
Federal Government	-0.8	2.3	0.4	0.0	-0.4
State & Local Government	2.5	1.1	1.1	1.1	1.3
<b>Total Nonfarm Employment</b>	<b>0.2</b>	<b>1.3</b>	<b>1.8</b>	<b>1.9</b>	<b>1.7</b>
<b>POPULATION</b>					
	17,100,408	17,381,463	17,658,364	17,948,135	18,254,520
Percentage change	1.8	1.6	1.6	1.6	1.7
<b>TAXABLE SALES (IN THOUSANDS)</b>					
	201,938,749	215,168,594	227,588,261	239,858,977	251,361,107
Percentage change	2.3	6.6	5.8	5.4	4.8
<b>PERSONAL INCOME (IN MILLIONS)</b>					
	507,352	544,380	577,100	609,620	641,338
Percentage change	3.2	7.3	6.0	5.6	5.2
<b>BUILDING PERMITS (SIN.-FAM. RESID.)</b>					
	40,497	42,874	42,143	39,467	37,841
Percentage change	-0.4	5.9	-1.7	-6.4	-4.1





# REGIONAL ECONOMIC FORECAST for SOUTHERN CALIFORNIA 2003-2004

## COUNTY FORECAST TABLES

California State University, Fullerton

Los Angeles County Forecast	26
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Ventura County Forecast	32
Imperial County Forecast	34

	1997	1998	1999	2000	2001
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*LEVELS IN THOUSANDS*

**POPULATION**

Total population	9,185.6	9,265.8	9,394.2	9,580.6	9,748.5
Annual percentage change	0.9%	0.9%	1.4%	2.0%	1.8%

**HOUSEHOLD EMPLOYMENT**

Labor Force	4,491.9	4,647.6	4,662.4	4,761.4	4,875.2
Total Employment	4,184.8	4,343.3	4,389.3	4,506.1	4,598.2
Total Unemployment	307.2	304.3	273.1	255.3	277.0
Unemployment Rate	6.8%	6.5%	5.9%	5.4%	5.7%

**WAGE & SALARY EMPLOYMENT**

Mining	5.5	4.9	4.3	4.0	4.2
Construction	109.5	118.4	125.8	130.9	133.3
Manufacturing	661.4	661.7	641.6	627.0	605.7
Durable Goods	364.0	368.0	352.7	340.2	331.5
Nondurable Goods	297.4	293.7	288.8	286.8	274.2
Transportation & Public Utilities	211.9	225.2	234.7	244.1	247.8
Total Trade	858.6	871.9	887.8	905.3	906.4
Wholesale Trade	265.1	270.2	272.8	270.6	264.3
Retail Trade	593.5	601.6	615.1	634.6	642.0
Finance, Real Estate & Insurance	220.2	228.4	231.6	230.0	233.1
Services	1,261.9	1,292.2	1,315.5	1,349.7	1,364.8
Total Government	536.3	541.0	561.6	581.3	598.7
<b>Total Nonfarm Employment</b>	<b>3,865.1</b>	<b>3,943.5</b>	<b>4,002.9</b>	<b>4,072.1</b>	<b>4,093.9</b>

**PERCENTAGE CHANGE**

Mining	-3.8%	-11.5%	-11.8%	-5.6%	4.7%
Construction	1.8%	8.2%	6.2%	4.1%	1.8%
Manufacturing	2.6%	0.0%	-3.0%	-2.3%	-3.4%
Durable Goods	3.3%	1.1%	-4.1%	-3.6%	-2.6%
Nondurable Goods	1.7%	-1.2%	-1.7%	-0.7%	-4.4%
Transportation & Public Utilities	3.5%	6.3%	4.2%	4.0%	1.5%
Total Trade	2.1%	1.5%	1.8%	2.0%	0.1%
Wholesale Trade	3.0%	1.9%	0.9%	-0.8%	-2.3%
Retail Trade	1.7%	1.4%	2.2%	3.2%	1.2%
Finance, Real Estate & Insurance	1.4%	3.7%	1.4%	-0.7%	1.3%
Services	2.2%	2.4%	1.8%	2.6%	1.1%
Total Government	0.6%	0.9%	3.8%	3.5%	3.0%
<b>Total Nonfarm Employment</b>	<b>2.0%</b>	<b>2.0%</b>	<b>1.5%</b>	<b>1.7%</b>	<b>0.5%</b>

*LEVELS IN MILLIONS*

**PERSONAL INCOME**

Personal Income	235,075	253,406	265,291	281,835	289,980
Annual percentage change	4.4%	4.4%	7.8%	6.2%	2.9%
Per capita income (\$)	25,592	27,349	28,240	29,417	29,746

**TAXABLE SALES**

Total taxable sales	86,398	90,206	97,317	106,674	106,261
Year to year percentage change	4.6%	4.4%	7.9%	9.6%	-0.4%



	2002e	2003f	2004f	2005f	2006f
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#### LEVELS IN THOUSANDS

##### POPULATION

Total population	9,829.4	9,908.6	9,983.6	10,036.3	10,092.9
Annual percentage change	0.8%	0.8%	0.8%	0.5%	0.6%

##### HOUSEHOLD EMPLOYMENT

Labor Force	4,887.4	4,904.8	4,941.9	4,978.0	5,006.1
Total Employment	4,586.7	4,591.3	4,646.4	4,692.9	4,739.8
Total Unemployment	300.7	313.4	295.5	285.1	266.3
Unemployment Rate	6.2%	6.4%	6.0%	5.7%	5.3%

Los Angeles County  
Forecast

##### WAGE & SALARY EMPLOYMENT

Mining	4.2	4.1	4.0	4.0	3.8
Construction	129.4	127.2	131.1	136.8	143.5
Manufacturing	587.5	578.1	569.5	565.8	563.9
Durable Goods	319.6	308.1	297.6	292.2	288.7
Nondurable Goods	267.9	270.0	271.9	273.6	275.2
Transportation & Public Utilities	247.8	252.7	259.1	264.5	271.6
Total Trade	903.0	908.4	917.7	930.1	945.3
Wholesale Trade	263.5	265.1	265.4	268.0	272.6
Retail Trade	639.5	643.3	652.3	662.1	672.7
Finance, Real Estate & Insurance	234.7	239.6	243.2	246.9	255.3
Services	1,349.8	1,368.7	1,397.4	1,431.0	1,468.2
Total Government	598.7	601.0	610.1	627.1	640.9
<b>Total Nonfarm Employment</b>	<b>4,055.0</b>	<b>4,079.9</b>	<b>4,132.2</b>	<b>4,206.1</b>	<b>4,292.5</b>

##### PERCENTAGE CHANGE

Mining	0.2%	-2.4%	-2.3%	-2.2%	-5.0%
Construction	-2.9%	-1.7%	3.1%	4.3%	4.9%
Manufacturing	-3.0%	-1.6%	-1.5%	-0.7%	-0.3%
Durable Goods	-3.6%	-3.6%	-3.4%	-1.8%	-1.2%
Nondurable Goods	-2.3%	0.8%	0.7%	0.6%	0.6%
Transportation & Public Utilities	0.0%	2.0%	2.5%	2.1%	2.7%
Total Trade	-0.4%	0.6%	1.0%	1.4%	1.6%
Wholesale Trade	-0.3%	0.6%	0.1%	1.0%	1.7%
Retail Trade	-0.4%	0.6%	1.4%	1.5%	1.6%
Finance, Real Estate & Insurance	0.7%	2.1%	1.5%	1.5%	3.4%
Services	-1.1%	1.4%	2.1%	2.4%	2.6%
Total Government	0.0%	0.4%	1.5%	2.8%	2.2%
<b>Total Nonfarm Employment</b>	<b>-0.9%</b>	<b>0.6%</b>	<b>1.3%</b>	<b>1.8%</b>	<b>2.1%</b>

#### LEVELS IN MILLIONS

##### PERSONAL INCOME

Personal Income	295,163	304,710	318,235	334,054	352,230
Annual percentage change	1.8%	3.2%	4.4%	5.0%	5.4%
Per capita income (\$)	30,029	30,752	31,876	33,285	34,899

##### TAXABLE SALES

Total taxable sales	104,871	106,989	113,104	119,633	127,537
Year to year percentage change	-1.3%	2.0%	5.7%	5.8%	6.6%

Regional  
Economic  
Forecast



	1997	1998	1999	2000	2001
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*LEVELS IN THOUSANDS*

**POPULATION**

Total population	2,699.6	2,749.5	2,802.8	2,856.8	2,910.0
Annual percentage change	2.0%	1.8%	1.9%	1.9%	1.9%

**HOUSEHOLD EMPLOYMENT**

Labor Force	1,385.0	1,435.1	1,471.7	1,511.0	1,537.1
Total Employment	1,339.9	1,393.7	1,432.7	1,472.7	1,490.8
Total Unemployment	45.2	41.4	39.0	38.4	46.3
Unemployment Rate	3.3%	2.9%	2.6%	2.5%	3.0%

**WAGE & SALARY EMPLOYMENT**

Mining	0.9	0.9	0.7	0.6	0.6
Construction	58.1	65.5	73.8	77.6	80.4
Manufacturing	222.4	231.7	229.4	230.5	225.2
Durable Goods	149.1	157.8	154.9	155.0	151.7
Nondurable Goods	73.3	74.0	74.5	75.5	73.4
Transportation & Public Utilities	44.4	46.3	48.6	50.9	52.3
Total Trade	309.9	322.5	331.5	339.7	348.9
Wholesale Trade	93.9	98.3	99.9	100.2	101.8
Retail Trade	216.0	224.2	231.6	239.5	247.2
Finance, Real Estate & Insurance	92.9	100.4	104.2	105.8	111.8
Services	372.7	395.6	415.9	437.1	448.3
Total Government	132.7	136.4	141.1	146.6	150.9
<b>Total Nonfarm Employment</b>	<b>1,233.9</b>	<b>1,299.2</b>	<b>1,345.1</b>	<b>1,388.9</b>	<b>1,418.3</b>

**PERCENTAGE CHANGE**

Mining	0.0%	-0.9%	-22.4%	-12.0%	0.0%
Construction	10.6%	12.8%	12.6%	5.2%	3.6%
Manufacturing	5.3%	4.2%	-1.0%	0.5%	-2.3%
Durable Goods	7.1%	5.8%	-1.8%	0.1%	-2.1%
Nondurable Goods	1.9%	1.0%	0.8%	1.3%	-2.7%
Transportation & Public Utilities	3.6%	4.2%	5.1%	4.7%	2.7%
Total Trade	3.8%	4.1%	2.8%	2.5%	2.7%
Wholesale Trade	4.8%	4.7%	1.7%	0.3%	1.6%
Retail Trade	3.3%	3.8%	3.3%	3.4%	3.2%
Finance, Real Estate & Insurance	6.8%	8.2%	3.7%	1.6%	5.7%
Services	3.0%	6.1%	5.1%	5.1%	2.6%
Total Government	2.3%	2.8%	3.5%	3.9%	2.9%
<b>Total Nonfarm Employment</b>	<b>4.2%</b>	<b>5.3%</b>	<b>3.5%</b>	<b>3.3%</b>	<b>2.1%</b>

*LEVELS IN MILLIONS*

**PERSONAL INCOME**

Personal Income	81,395	87,686	92,823	99,583	103,236
Annual percentage change	7.5%	7.7%	5.9%	7.3%	3.7%
Per capita income (\$)	30,151	31,892	33,118	34,858	35,476

**TAXABLE SALES**

Total taxable sales	34,921	37,086	40,366	44,462	44,143
Year to year percentage change	7.3%	6.2%	8.8%	10.1%	-0.7%

	2002e	2003f	2004f	2005f	2006f
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#### LEVELS IN THOUSANDS

##### POPULATION

Total population	2,948.8	2,987.4	3,023.8	3,054.0	3,079.7
Annual percentage change	1.3%	1.3%	1.2%	1.0%	0.8%

##### HOUSEHOLD EMPLOYMENT

Labor Force	1,563.9	1,568.4	1,586.0	1,615.6	1,641.5
Total Employment	1,502.6	1,511.3	1,535.9	1,565.1	1,596.4
Total Unemployment	61.4	57.1	50.1	50.5	45.1
Unemployment Rate	3.9%	3.6%	3.2%	3.1%	2.7%

Orange County  
Forecast

##### WAGE & SALARY EMPLOYMENT

Mining	0.7	0.7	0.7	0.7	0.7
Construction	80.6	81.0	82.8	85.3	89.8
Manufacturing	218.8	217.3	217.8	219.6	221.4
Durable Goods	145.0	142.4	141.8	142.4	143.1
Nondurable Goods	73.9	74.9	76.0	77.2	78.3
Transportation & Public Utilities	51.8	52.2	53.3	55.3	57.3
Total Trade	349.7	351.3	356.3	364.7	372.9
Wholesale Trade	102.3	104.3	107.5	111.2	115.1
Retail Trade	247.4	247.0	248.7	253.5	257.8
Finance, Real Estate & Insurance	113.9	116.0	119.5	123.2	127.1
Services	451.5	461.4	476.6	495.2	515.0
Total Government	154.6	156.3	160.2	163.7	168.3
<b>Total Nonfarm Employment</b>	<b>1,421.7</b>	<b>1,436.0</b>	<b>1,467.1</b>	<b>1,507.6</b>	<b>1,552.5</b>

##### PERCENTAGE CHANGE

Mining	14.5%	0.1%	0.1%	-0.3%	-0.5%
Construction	0.2%	0.5%	2.3%	3.0%	5.3%
Manufacturing	-2.8%	-0.7%	0.3%	0.8%	0.8%
Durable Goods	-4.4%	-1.8%	-0.4%	0.4%	0.5%
Nondurable Goods	0.6%	1.4%	1.5%	1.6%	1.4%
Transportation & Public Utilities	-0.9%	0.7%	2.1%	3.8%	3.7%
Total Trade	0.2%	0.5%	1.4%	2.4%	2.2%
Wholesale Trade	0.5%	2.0%	3.1%	3.4%	3.5%
Retail Trade	0.1%	-0.2%	0.7%	1.9%	1.7%
Finance, Real Estate & Insurance	1.9%	1.9%	3.0%	3.1%	3.2%
Services	0.7%	2.2%	3.3%	3.9%	4.0%
Total Government	2.5%	1.0%	2.5%	2.2%	2.8%
<b>Total Nonfarm Employment</b>	<b>0.2%</b>	<b>1.0%</b>	<b>2.2%</b>	<b>2.8%</b>	<b>3.0%</b>

#### LEVELS IN MILLIONS

##### PERSONAL INCOME

Personal Income	105,468	109,444	115,161	122,605	131,133
Annual percentage change	2.2%	3.8%	5.2%	6.5%	7.0%
Per capita income (\$)	35,766	36,635	38,085	40,145	42,580

##### TAXABLE SALES

Total taxable sales	44,297	45,421	48,641	52,997	57,954
Year to year percentage change	0.3%	2.5%	7.1%	9.0%	9.4%

Regional  
Economic  
Forecast

# CSUF ECONOMIC FORECAST FOR THE SOUTHERN CALIFORNIA COUNTIES

Riverside/  
San Bernardino  
Counties  
Historical Data

	1997	1998	1999	2000	2001
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## LEVELS IN THOUSANDS

### POPULATION

Total population	3,062.1	3,116.5	3,197.8	3,273.2	3,384.1
Annual percentage change	1.9%	1.8%	2.6%	2.4%	3.4%

### HOUSEHOLD EMPLOYMENT

Labor Force	1,352.3	1,388.7	1,450.5	1,520.1	1,565.2
Total Employment	1,259.2	1,303.8	1,376.5	1,442.4	1,487.2
Total Unemployment	93.1	84.9	74.1	77.7	77.9
Unemployment Rate	6.9%	6.1%	5.1%	5.1%	5.0%

### WAGE & SALARY EMPLOYMENT

Mining	1.2	1.0	1.0	1.1	1.2
Construction	52.1	60.8	70.8	78.9	86.6
Manufacturing	104.8	111.4	117.8	124.6	124.8
Durable Goods	70.5	76.1	80.4	84.7	84.7
Nondurable Goods	34.3	35.3	37.4	39.9	40.1
Transportation & Public Utilities	42.5	45.7	49.1	50.5	52.3
Total Trade	217.9	223.2	233.7	247.7	257.7
Wholesale Trade	40.2	42.2	45.2	48.2	49.4
Retail Trade	177.8	181.0	188.5	199.5	208.3
Finance, Real Estate & Insurance	29.8	30.6	31.9	31.9	33.8
Services	221.5	234.9	251.5	261.7	272.1
Total Government	171.6	174.7	183.1	192.1	200.7
<b>Total Nonfarm Employment</b>	<b>841.4</b>	<b>882.2</b>	<b>938.9</b>	<b>988.4</b>	<b>1,029.1</b>

### PERCENTAGE CHANGE

Mining	0.7%	-17.1%	-1.7%	8.4%	11.6%
Construction	12.9%	16.7%	16.4%	11.4%	9.7%
Manufacturing	5.6%	6.3%	5.8%	5.8%	0.2%
Durable Goods	6.9%	8.0%	5.6%	5.3%	0.0%
Nondurable Goods	3.0%	2.8%	6.1%	6.6%	0.5%
Transportation & Public Utilities	3.5%	7.5%	7.4%	2.9%	3.6%
Total Trade	3.8%	2.4%	4.7%	6.0%	4.0%
Wholesale Trade	7.2%	5.1%	7.0%	6.6%	2.6%
Retail Trade	3.0%	1.8%	4.2%	5.8%	4.4%
Finance, Real Estate & Insurance	0.6%	2.5%	4.4%	-0.1%	5.9%
Services	6.1%	6.0%	7.1%	4.1%	4.0%
Total Government	2.5%	1.8%	4.9%	4.9%	4.4%
<b>Total Nonfarm Employment</b>	<b>4.7%</b>	<b>4.8%</b>	<b>6.4%</b>	<b>5.3%</b>	<b>4.1%</b>

## LEVELS IN MILLIONS

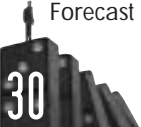
### PERSONAL INCOME

Personal Income	61,591	66,827	71,205	76,593	79,269
Annual percentage change	5.9%	8.5%	6.6%	7.6%	3.5%
Per capita income (\$)	20,114	21,443	22,267	23,400	23,424

### TAXABLE SALES

Total taxable sales	25,977	28,143	31,864	35,865	37,358
Year to year percentage change	7.1%	8.3%	13.2%	12.6%	4.2%

Regional  
Economic  
Forecast



	2002e	2003f	2004f	2005f	2006f
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#### LEVELS IN THOUSANDS

##### POPULATION

Total population	3,483.4	3,584.7	3,683.2	3,777.5	3,874.7
Annual percentage change	2.9%	2.9%	2.7%	2.6%	2.6%

##### HOUSEHOLD EMPLOYMENT

Labor Force	1,618.3	1,665.1	1,721.9	1,786.8	1,854.0
Total Employment	1,527.4	1,573.2	1,629.9	1,693.4	1,759.5
Total Unemployment	90.9	91.9	92.0	93.3	94.6
Unemployment Rate	5.6%	5.5%	5.3%	5.2%	5.1%

##### WAGE & SALARY EMPLOYMENT

Mining	1.2	1.2	1.2	1.2	1.2
Construction	91.1	94.2	98.7	104.7	111.6
Manufacturing	124.2	127.7	132.9	139.0	145.6
Durable Goods	83.9	85.6	88.6	92.4	96.5
Nondurable Goods	40.3	42.1	44.3	46.7	49.1
Transportation & Public Utilities	52.1	54.0	56.0	58.0	60.3
Total Trade	260.8	266.8	273.5	280.1	286.5
Wholesale Trade	49.9	51.1	52.9	54.6	56.3
Retail Trade	211.0	215.6	220.6	225.4	230.2
Finance, Real Estate & Insurance	34.6	35.2	35.9	37.0	37.6
Services	280.9	292.6	309.0	326.6	345.6
Total Government	207.9	212.3	219.3	226.9	235.3
<b>Total Nonfarm Employment</b>	<b>1,052.8</b>	<b>1,083.9</b>	<b>1,126.4</b>	<b>1,173.6</b>	<b>1,223.8</b>

##### PERCENTAGE CHANGE

Mining	0.0%	0.3%	0.2%	0.1%	-1.7%
Construction	5.2%	3.4%	4.8%	6.1%	6.6%
Manufacturing	-0.5%	2.8%	4.1%	4.6%	4.7%
Durable Goods	-0.9%	2.0%	3.5%	4.3%	4.5%
Nondurable Goods	0.5%	4.5%	5.2%	5.3%	5.2%
Transportation & Public Utilities	-0.4%	3.5%	3.7%	3.7%	3.9%
Total Trade	1.2%	2.3%	2.5%	2.4%	2.3%
Wholesale Trade	0.9%	2.6%	3.5%	3.2%	3.1%
Retail Trade	1.3%	2.2%	2.3%	2.2%	2.1%
Finance, Real Estate & Insurance	2.5%	1.6%	2.1%	3.1%	1.7%
Services	3.2%	4.2%	5.6%	5.7%	5.8%
Total Government	3.6%	2.1%	3.3%	3.5%	3.7%
<b>Total Nonfarm Employment</b>	<b>2.3%</b>	<b>3.0%</b>	<b>3.9%</b>	<b>4.2%</b>	<b>4.3%</b>

#### LEVELS IN MILLIONS

##### PERSONAL INCOME

Personal Income	81,031	84,247	88,964	94,697	101,459
Annual percentage change	2.2%	4.0%	5.6%	6.4%	7.1%
Per capita income (\$)	23,262	23,502	24,154	25,069	26,185

##### TAXABLE SALES

Total taxable sales	38,321	39,639	43,279	47,175	52,445
Year to year percentage change	2.6%	3.4%	9.2%	9.0%	11.2%

Riverside/  
San Bernardino  
Counties  
Forecast

Regional  
Economic  
Forecast



	1997	1998	1999	2000	2001
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*LEVELS IN THOUSANDS*

**POPULATION**

Total population	721.7	729.1	742.8	758.1	773.9
Annual percentage change	1.6%	1.0%	1.9%	2.1%	2.1%

**HOUSEHOLD EMPLOYMENT**

Labor Force	381.5	388.3	397.4	413.2	419.9
Total Employment	356.5	366.8	378.4	394.6	401.0
Total Unemployment	25.0	21.5	19.0	18.7	18.9
Unemployment Rate	6.5%	5.5%	4.8%	4.5%	4.5%

**WAGE & SALARY EMPLOYMENT**

Mining	1.5	1.3	1.0	0.9	0.9
Construction	11.1	12.7	14.5	15.1	15.5
Manufacturing	32.8	36.0	38.6	41.0	41.1
Durable Goods	24.0	25.6	25.0	26.4	25.4
Nondurable Goods	8.8	10.5	13.6	14.6	15.8
Transportation & Public Utilities	9.7	10.6	11.5	11.1	11.0
Total Trade	59.2	59.7	62.1	65.0	66.4
Wholesale Trade	12.5	12.2	12.3	13.1	13.3
Retail Trade	46.7	47.6	49.7	51.9	53.2
Finance, Real Estate & Insurance	12.6	13.6	14.9	16.3	18.1
Services	72.4	75.5	77.1	81.3	81.8
Total Government	43.3	43.1	43.9	44.3	45.3
<b>Total Nonfarm Employment</b>	<b>242.7</b>	<b>252.4</b>	<b>263.6</b>	<b>275.1</b>	<b>280.2</b>

**PERCENTAGE CHANGE**

Mining	6.2%	13.5%	-18.5%	-12.2%	0.0%
Construction	7.0%	9.8%	14.6%	4.1%	2.6%
Manufacturing	8.3%	6.5%	7.2%	6.3%	0.2%
Durable Goods	3.6%	18.7%	-2.0%	5.6%	-4.0%
Nondurable Goods	-0.5%	9.7%	29.9%	7.6%	7.8%
Transportation & Public Utilities	0.2%	0.9%	8.4%	-3.2%	-1.3%
Total Trade	3.1%	-2.8%	3.9%	4.7%	2.2%
Wholesale Trade	-0.6%	1.9%	1.6%	6.1%	1.3%
Retail Trade	7.4%	8.1%	4.5%	4.3%	2.4%
Finance, Real Estate & Insurance	2.0%	4.2%	9.4%	9.0%	11.4%
Services	-0.2%	-0.6%	2.2%	5.5%	0.6%
Total Government	0.0%	0.0%	2.0%	0.9%	2.2%
<b>Total Nonfarm Employment</b>	<b>-11.1%</b>	<b>-18.4%</b>	<b>4.5%</b>	<b>4.3%</b>	<b>1.9%</b>

*LEVELS IN MILLIONS*

**PERSONAL INCOME**

Personal Income	19,689	20,632	22,140	24,166	24,955
Annual percentage change	6.3%	4.8%	7.3%	9.2%	3.3%
Per capita income (\$)	27,282	28,297	29,805	31,877	32,245

**TAXABLE SALES**

Total taxable sales	7,043	7,471	8,339	9,096	9,320
Year to year percentage change	7.6%	6.1%	11.6%	9.1%	2.5%



	2002e	2003f	2004f	2005f	2006f
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#### LEVELS IN THOUSANDS

##### POPULATION

Total population	783.7	793.6	803.2	811.5	821.2
Annual percentage change	1.3%	1.3%	1.2%	1.0%	1.2%

##### HOUSEHOLD EMPLOYMENT

Labor Force	424.7	430.1	439.6	448.8	458.6
Total Employment	403.5	408.3	418.5	428.2	438.9
Total Unemployment	21.2	21.8	21.1	20.6	19.8
Unemployment Rate	5.0%	5.1%	4.8%	4.6%	

Ventura County  
Forecast

##### WAGE & SALARY EMPLOYMENT

Mining	0.9	0.9	0.9	0.8	0.7
Construction	14.9	14.8	15.0	15.6	16.3
Manufacturing	41.2	42.4	44.1	46.1	48.2
Durable Goods	24.9	25.0	25.4	25.9	26.4
Nondurable Goods	16.3	17.4	18.7	20.2	21.8
Transportation & Public Utilities	11.1	10.8	10.7	10.7	11.1
Total Trade	66.4	67.0	68.5	69.4	71.1
Wholesale Trade	13.1	13.5	14.4	14.3	14.7
Retail Trade	53.3	53.5	54.1	55.1	56.4
Finance, Real Estate & Insurance	18.7	19.4	20.3	21.3	22.3
Services	81.8	83.2	85.5	88.3	91.5
Total Government	45.8	45.7	46.0	46.3	46.6
<b>Total Nonfarm Employment</b>	<b>280.9</b>	<b>284.3</b>	<b>290.9</b>	<b>298.5</b>	<b>307.8</b>

##### PERCENTAGE CHANGE

Mining	0.0%	-0.8%	-4.0%	-6.1%	-7.3%
Construction	-3.8%	-0.9%	1.7%	3.7%	4.6%
Manufacturing	0.2%	2.9%	4.0%	4.5%	4.6%
Durable Goods	-1.7%	0.3%	1.6%	2.0%	1.8%
Nondurable Goods	3.3%	7.0%	7.4%	7.8%	8.1%
Transportation & Public Utilities	1.1%	-2.8%	-1.0%	0.4%	3.5%
Total Trade	0.0%	1.0%	2.1%	1.4%	2.3%
Wholesale Trade	-1.4%	3.3%	6.3%	-0.4%	2.8%
Retail Trade	0.3%	0.4%	1.1%	1.9%	2.2%
Finance, Real Estate & Insurance	3.2%	4.0%	4.4%	4.8%	5.0%
Services	0.0%	1.7%	2.7%	3.3%	3.6%
Total Government	1.1%	-0.2%	0.6%	0.7%	0.6%
<b>Total Nonfarm Employment</b>	<b>0.2%</b>	<b>1.2%</b>	<b>2.3%</b>	<b>2.6%</b>	<b>3.1%</b>

#### LEVELS IN MILLIONS

##### PERSONAL INCOME

Personal Income	25,491	26,453	27,986	29,815	32,111
Annual percentage change	2.2%	3.8%	5.8%	6.5%	7.7%
Per capita income (\$)	32,525	33,332	34,843	36,740	

##### TAXABLE SALES

Total taxable sales	9,480	9,719	10,467	11,259	12,361
Year to year percentage change	1.7%	2.5%	7.7%	7.6%	9.8%

	1997	1998	1999	2000	2001
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*LEVELS IN THOUSANDS*

**POPULATION**

Total population	139.0	139.2	140.8	147.0	149.9
Annual percentage change	1.6%	0.1%	1.1%	4.4%	2.0%

**HOUSEHOLD EMPLOYMENT**

Labor Force	56.4	56.2	55.5	58.5	55.5
Total Employment	41.4	41.6	42.5	43.1	43.7
Total Unemployment	15.0	14.6	13.0	15.4	11.9
Unemployment Rate	26.6%	25.9%	23.4%	26.3%	21.4%

**WAGE & SALARY EMPLOYMENT**

Mining	0.0	0.0	0.0	0.0	0.0
Construction	1.5	1.4	1.4	1.8	1.6
Manufacturing	1.8	1.7	1.8	1.9	1.9
Durable Goods	0.7	0.7	0.8	0.9	0.9
Nondurable Goods	1.1	1.0	1.0	1.0	1.0
Transportation & Public Utilities	2.1	2.0	1.9	1.9	2.0
Total Trade	9.2	9.4	9.8	10.3	10.4
Wholesale Trade	1.7	1.7	1.9	2.1	2.0
Retail Trade	7.5	7.7	7.9	8.2	8.4
Finance, Real Estate & Insurance	1.1	1.1	1.2	1.1	1.3
Services	5.4	5.5	5.8	5.7	5.7
Total Government	14.0	14.4	14.8	15.5	16.1
<b>Total Nonfarm Employment</b>	<b>34.9</b>	<b>35.4</b>	<b>36.6</b>	<b>38.1</b>	<b>39.0</b>

**PERCENTAGE CHANGE**

Mining	0.0%	0.0%	0.0%	0.0%	0.0%
Construction	7.1%	-4.7%	0.6%	25.4%	-9.2%
Manufacturing	15.1%	0.0%	8.4%	2.7%	3.6%
Durable Goods	2.4%	-7.8%	17.9%	9.1%	0.0%
Nondurable Goods	1.2%	-6.0%	1.7%	-2.5%	6.8%
Transportation & Public Utilities	2.4%	2.4%	-4.7%	1.8%	3.1%
Total Trade	3.5%	1.5%	4.0%	5.5%	0.4%
Wholesale Trade	2.2%	2.6%	7.7%	10.7%	-3.6%
Retail Trade	0.0%	-0.8%	3.2%	4.2%	1.4%
Finance, Real Estate & Insurance	4.2%	1.4%	6.1%	-2.9%	14.8%
Services	3.7%	3.0%	5.0%	-1.4%	1.0%
Total Government	0.0%	0.0%	2.9%	4.6%	3.9%
<b>Total Nonfarm Employment</b>	<b>0.0%</b>	<b>0.0%</b>	<b>3.4%</b>	<b>4.2%</b>	<b>2.2%</b>

*LEVELS IN MILLIONS*

**PERSONAL INCOME**

Personal Income	2,308	2,502	2,596	2,641	2,687
Annual percentage change	6.1%	8.4%	3.8%	1.7%	1.8%
Per capita income (\$)	16,604	17,973	18,438	17,964	17,929

**TAXABLE SALES**

Total taxable sales	1,051	1,105	1,293	1,404	1,349
Year to year percentage change	3.8%	5.1%	17.0%	8.5%	-3.9%

	2002e	2003f	2004f	2005f	2006f
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#### LEVELS IN THOUSANDS

##### POPULATION

Total population	156.1	162.4	168.5	174.2	180.0
Annual percentage change	4.1%	4.0%	3.8%	3.4%	3.4%

##### HOUSEHOLD EMPLOYMENT

Labor Force	55.4	59.1	62.6	64.9	65.7
Total Employment	45.8	47.2	48.8	50.8	52.8
Total Unemployment	9.6	11.9	13.8	14.1	12.9
Unemployment Rate	17.3%	20.2%	22.1%	21.8%	19.6%

Imperial County  
Forecast

##### WAGE & SALARY EMPLOYMENT

Mining	0.0	0.0	0.0	0.0	0.0
Construction	1.7	1.7	1.7	1.8	1.8
Manufacturing	2.0	2.0	2.0	2.1	2.1
Durable Goods	0.9	0.9	0.9	1.0	1.0
Nondurable Goods	1.1	1.1	1.1	1.1	1.1
Transportation & Public Utilities	2.0	2.0	2.0	2.0	2.0
Total Trade	10.2	10.1	10.2	10.3	10.4
Wholesale Trade	2.0	2.0	2.0	2.0	1.9
Retail Trade	8.2	8.2	8.2	8.3	8.4
Finance, Real Estate & Insurance	1.3	1.3	1.4	1.4	1.5
Services	5.8	5.8	5.7	5.6	5.7
Total Government	16.2	17.2	17.9	18.6	19.4
<b>Total Nonfarm Employment</b>	<b>39.3</b>	<b>40.1</b>	<b>40.9</b>	<b>41.8</b>	<b>42.7</b>

##### PERCENTAGE CHANGE

Mining	0.0%	0.0%	0.0%	0.0%	0.0%
Construction	2.5%	2.2%	1.4%	0.9%	0.6%
Manufacturing	3.0%	0.3%	1.1%	1.6%	1.9%
Durable Goods	0.0%	2.0%	3.3%	4.0%	4.3%
Nondurable Goods	5.6%	-1.1%	-0.8%	-0.5%	-0.4%
Transportation & Public Utilities	2.6%	-0.6%	-0.5%	-0.4%	-0.4%
Total Trade	-1.5%	-0.7%	0.8%	0.8%	0.6%
Wholesale Trade	0.0%	-1.0%	-0.8%	-0.7%	-0.5%
Retail Trade	-1.8%	-0.6%	1.2%	1.1%	0.9%
Finance, Real Estate & Insurance	0.6%	2.8%	2.1%	3.4%	3.4%
Services	2.1%	-1.5%	-1.1%	-0.9%	1.4%
Total Government	1.0%	5.7%	4.4%	4.0%	3.9%
<b>Total Nonfarm Employment</b>	<b>0.7%</b>	<b>2.1%</b>	<b>2.1%</b>	<b>2.0%</b>	<b>2.3%</b>

#### LEVELS IN MILLIONS

##### PERSONAL INCOME

Personal Income	2,728	2,807	2,920	3,085	3,317
Annual percentage change	1.5%	2.9%	4.0%	5.6%	7.5%
Per capita income (\$)	17,474	17,283	17,328	17,712	18,426

##### TAXABLE SALES

Total taxable sales	1,357	1,404	1,525	1,675	1,876
Year to year percentage change	0.6%	3.5%	8.6%	9.9%	12.0%

Regional  
Economic  
Forecast





# REGIONAL ECONOMIC FORECAST for SOUTHERN CALIFORNIA 2003-2004

## COUNTY FORECAST TABLES

California State University, Long Beach

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CSULB ECONOMIC  
FORECAST FOR  
THE SOUTHERN  
CALIFORNIA  
COUNTIES

Los Angeles County  
Historical Data

	1997	1998	1999	2000	2001
<i>LEVELS IN THOUSANDS</i>					
<b>LEVELS</b>					
Mining	5,492	4,859	4,283	4,042	4,233
Construction	109,450	118,383	125,750	130,850	133,267
Durable Manufacturing	364,000	367,975	352,725	340,192	331,508
Nondurable Manufacturing	297,375	293,708	288,842	286,775	274,208
Transportation, Commun. & Utilities	211,850	225,242	234,692	244,108	247,783
Wholesale Trade	265,117	270,233	272,750	270,608	264,333
Retail Trade	593,450	601,625	615,092	634,642	642,025
Finance, Insurance, & Real Estate	220,150	228,400	231,642	230,009	233,058
Services	1,261,850	1,292,150	1,315,492	1,349,650	1,364,792
Federal Government	57,850	56,142	57,075	57,933	54,167
State & Local Government	478,467	484,825	504,567	523,317	544,484
<b>Total Nonfarm Employment</b>	<b>3,865,050</b>	<b>3,943,541</b>	<b>4,002,908</b>	<b>4,072,124</b>	<b>4,093,858</b>
<b>YEAR-TO-YEAR % CHANGE</b>					
Mining	-3.8	-11.5	-11.8	-5.6	4.7
Construction	1.8	8.2	6.2	4.1	1.8
Durable Manufacturing	3.3	1.1	-4.1	-3.6	-2.6
Nondurable Manufacturing	1.7	-1.2	-1.7	-0.7	-4.4
Transportation, Commun. & Utilities	3.5	6.3	4.2	4.0	1.5
Wholesale Trade	3.0	1.9	0.9	-0.8	-2.3
Retail Trade	1.7	1.4	2.2	3.2	1.2
Finance, Insurance, & Real Estate	1.4	3.7	1.4	-0.7	1.3
Services	2.2	2.4	1.8	2.6	1.1
Federal Government	-5.4	-3.0	1.7	1.5	-6.5
State & Local Government	1.4	1.3	4.1	3.7	4.0
<b>Total Nonfarm Employment</b>	<b>2.0</b>	<b>2.0</b>	<b>1.5</b>	<b>1.7</b>	<b>0.5</b>
<b>TAXABLE SALES (IN THOUSANDS)</b>					
Taxable Sales	86,381,834	90,184,858	97,282,908	106,637,630	106,482,577
Percentage change	4.6	4.4	7.9	9.6	-0.1
<b>BUILDING PERMITS (SIN.-FAM. RES.)</b>					
Building Permits	6,788	6,887	7,658	8,398	8,181
Percentage change	26.4	1.5	11.2	9.7	-2.6



	2002e	2003f	2004f	2005f	2006f
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*LEVELS IN THOUSANDS*  
**LEVELS**

Mining	4,211	3,948	3,639	3,352	3,076
Construction	129,321	129,003	129,827	131,422	133,437
Durable Manufacturing	317,986	314,175	322,185	328,074	326,182
Nondurable Manufacturing	267,303	261,131	259,291	259,814	259,260
Transportation, Commun. & Utilities	247,924	248,433	250,173	253,085	255,627
Wholesale Trade	263,566	262,924	264,379	265,909	266,793
Retail Trade	642,451	636,842	635,081	634,819	635,131
Finance, Insurance, & Real Estate	234,866	236,968	239,590	242,902	246,835
Services	1,358,262	1,397,157	1,424,634	1,447,382	1,469,747
Federal Government	53,586	55,165	55,463	55,441	55,185
State & Local Government	551,542	555,145	557,118	559,242	562,255
<b>Total Nonfarm Employment</b>	<b>4,071,018</b>	<b>4,100,891</b>	<b>4,141,380</b>	<b>4,181,443</b>	<b>4,213,529</b>

Los Angeles County  
Forecast

**YEAR-TO-YEAR % CHANGE**

Mining	-0.5	-6.3	-7.8	-7.9	-8.2
Construction	-3.0	-0.2	0.6	1.2	1.5
Durable Manufacturing	-4.1	-1.2	2.5	1.8	-0.6
Nondurable Manufacturing	-2.5	-2.3	-0.7	0.2	-0.2
Transportation, Commun. & Utilities	0.1	0.2	0.7	1.2	1.0
Wholesale Trade	-0.3	-0.2	0.6	0.6	0.3
Retail Trade	0.1	-0.9	-0.3	0.0	0.0
Finance, Insurance, & Real Estate	0.8	0.9	1.1	1.4	1.6
Services	-0.5	2.9	2.0	1.6	1.5
Federal Government	-1.1	2.9	0.5	0.0	-0.5
State & Local Government	1.3	0.7	0.4	0.4	0.5
<b>Total Nonfarm Employment</b>	<b>-0.6</b>	<b>0.7</b>	<b>1.0</b>	<b>1.0</b>	<b>0.8</b>

<b>TAXABLE SALES (IN THOUSANDS)</b>	108,556,959	114,632,158	120,162,534	125,431,929	130,091,916.5
Percentage change	1.9	5.6	4.8	4.4	3.7

<b>BUILDING PERMITS (SIN.-FAM. RES.)</b>	8,109	8,838	8,830	9,026	9,222
Percentage change	-0.9	9.0	-0.1	2.2	2.2

CSULB ECONOMIC  
FORECAST FOR  
THE SOUTHERN  
CALIFORNIA  
COUNTIES

Orange County  
Historical Data

	1997	1998	1999	2000	2001
<b>LEVELS IN THOUSANDS</b>					
<b>LEVELS</b>					
Mining	900	892	692	608	608
Construction	58,084	65,509	73,784	77,609	80,383
Durable Manufacturing	149,142	157,775	154,859	155,017	151,725
Nondurable Manufacturing	73,250	73,950	74,517	75,483	73,442
Transportation, Commun. & Utilities	44,392	46,267	48,633	50,900	52,267
Wholesale Trade	93,875	98,258	99,892	100,184	101,750
Retail Trade	215,975	224,234	231,584	239,533	247,192
Finance, Insurance, & Real Estate	92,850	100,433	104,183	105,825	111,825
Services	372,692	395,567	415,858	437,142	448,292
Federal Government	13,458	13,175	12,742	12,992	11,992
State & Local Government	119,234	123,175	128,400	133,592	138,858
<b>Total Nonfarm Employment</b>	<b>1,233,850</b>	<b>1,299,234</b>	<b>1,345,142</b>	<b>1,388,884</b>	<b>1,418,334</b>
<b>YEAR-TO-YEAR % CHANGE</b>					
Mining	0.0	-0.9	-22.5	-12.0	0.0
Construction	10.6	12.8	12.6	5.2	3.6
Durable Manufacturing	7.1	5.8	-1.8	0.1	-2.1
Nondurable Manufacturing	1.9	1.0	0.8	1.3	-2.7
Transportation, Commun. & Utilities	3.6	4.2	5.1	4.7	2.7
Wholesale Trade	4.8	4.7	1.7	0.3	1.6
Retail Trade	3.3	3.8	3.3	3.4	3.2
Finance, Insurance, & Real Estate	6.8	8.2	3.7	1.6	5.7
Services	3.0	6.1	5.1	5.1	2.6
Federal Government	-7.2	-2.1	-3.3	2.0	-7.7
State & Local Government	3.6	3.3	4.2	4.0	3.9
<b>Total Nonfarm Employment</b>	<b>4.2</b>	<b>5.3</b>	<b>3.5</b>	<b>3.3</b>	<b>2.1</b>
<b>TAXABLE SALES (IN THOUSANDS)</b>					
TAXABLE SALES	34,913,503	37,098,649	40,350,839	44,442,498	44,398,199
Percentage change	7.3	6.3	8.8	10.1	-0.1
<b>BUILDING PERMITS (SIN.-FAM. RES.)</b>					
BUILDING PERMITS	8,219	7,366	7,686	6,771	5,926
Percentage change	16.3	-10.4	4.3	-11.9	-12.5

	2002e	2003f	2004f	2005f	2006f
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*LEVELS IN THOUSANDS*

**LEVELS**

Mining	701	708	715	721	725
Construction	81,507	84,249	88,917	94,028	99,622
Durable Manufacturing	144,646	143,617	150,424	158,599	163,851
Nondurable Manufacturing	74,165	75,158	75,958	76,688	77,395
Transportation, Commun. & Utilities	51,801	53,351	55,768	58,044	59,297
Wholesale Trade	102,261	101,621	102,706	104,249	105,334
Retail Trade	247,636	250,902	257,412	264,078	271,326
Finance, Insurance, & Real Estate	113,930	115,487	117,419	120,182	123,396
Services	451,719	464,362	477,872	489,905	501,897
Federal Government	11,701	12,150	12,352	12,419	12,406
State & Local Government	143,733	144,724	145,770	146,760	147,897
<b>Total Nonfarm Employment</b>	<b>1,423,800</b>	<b>1,446,331</b>	<b>1,485,315</b>	<b>1,525,674</b>	<b>1,563,146</b>

Orange County  
Forecast

**YEAR-TO-YEAR % CHANGE**

Mining	15.2	1.1	1.0	0.8	0.6
Construction	1.4	3.4	5.5	5.7	5.9
Durable Manufacturing	-4.7	-0.7	4.7	5.4	3.3
Nondurable Manufacturing	1.0	1.3	1.1	1.0	0.9
Transportation, Commun. & Utilities	-0.9	3.0	4.5	4.1	2.2
Wholesale Trade	0.5	-0.6	1.1	1.5	1.0
Retail Trade	0.2	1.3	2.6	2.6	2.7
Finance, Insurance, & Real Estate	1.9	1.4	1.7	2.4	2.7
Services	0.8	2.8	2.9	2.5	2.4
Federal Government	-2.4	3.8	1.7	0.5	-0.1
State & Local Government	3.5	0.7	0.7	0.7	0.8
<b>Total Nonfarm Employment</b>	<b>0.4</b>	<b>1.6</b>	<b>2.7</b>	<b>2.7</b>	<b>2.5</b>

<b>TAXABLE SALES (IN THOUSANDS)</b>	45,268,101	48,527,675	51,649,263	54,768,447	57,729,632
Percentage change	2.0	7.2	6.4	6.0	5.4

<b>BUILDING PERMITS (SIN.-FAM. RES.)</b>	5,749	6,399	6,917	6,762	6,560
Percentage change	-3.0	11.3	8.1	-2.2	-3.0

Regional  
**Economic**  
Forecast



**CSULB ECONOMIC  
FORECAST FOR  
THE SOUTHERN  
CALIFORNIA  
COUNTIES**

Riverside/  
San Bernardino  
Counties  
Historical Data

	1997	1998	1999	2000	2001
<b>LEVELS IN THOUSANDS</b>					
<b>LEVELS</b>					
Mining	1,217	1,008	992	1,075	1,200
Construction	52,108	60,834	70,800	78,883	86,559
Durable Manufacturing	70,458	76,117	80,375	84,675	84,667
Nondurable Manufacturing	34,300	35,267	37,417	39,900	40,100
Transportation, Commun. & Utilities	42,517	45,709	49,084	50,500	52,342
Wholesale Trade	40,167	42,225	45,200	48,167	49,409
Retail Trade	177,775	180,967	188,517	199,492	208,267
Finance, Insurance, & Real Estate	29,825	30,583	31,933	31,900	33,767
Services	221,467	234,850	251,475	261,667	272,142
Federal Government	18,450	17,517	17,475	18,184	17,050
State & Local Government	153,150	157,133	165,659	173,959	183,625
<b>Total Nonfarm Employment</b>	<b>841,433</b>	<b>882,209</b>	<b>938,926</b>	<b>988,401</b>	<b>1,029,125</b>
<b>YEAR-TO-YEAR % CHANGE</b>					
Mining	0.7	-17.1	-1.6	8.4	11.6
Construction	12.9	16.7	16.4	11.4	9.7
Durable Manufacturing	6.9	8.0	5.6	5.3	0.0
Nondurable Manufacturing	3.0	2.8	6.1	6.6	0.5
Transportation, Commun. & Utilities	3.5	7.5	7.4	2.9	3.6
Wholesale Trade	7.2	5.1	7.0	6.6	2.6
Retail Trade	3.0	1.8	4.2	5.8	4.4
Finance, Insurance, & Real Estate	0.6	2.5	4.4	-0.1	5.9
Services	6.1	6.0	7.1	4.1	4.0
Federal Government	-2.1	-5.1	-0.2	4.1	-6.2
State & Local Government	3.1	2.6	5.4	5.0	5.6
<b>Total Nonfarm Employment</b>	<b>4.7</b>	<b>4.8</b>	<b>6.4</b>	<b>5.3</b>	<b>4.1</b>
<b>TAXABLE SALES (IN THOUSANDS)</b>					
Taxable Sales	25,972,560	28,135,368	31,853,438	35,852,106	37,289,261
Percentage change	7.1	8.3	13.2	12.6	4.0
<b>BUILDING PERMITS (SIN.-FAM. RES.)</b>					
Building Permits	13,802	16,360	18,612	19,461	23,379
Percentage change	17.7	18.5	13.8	4.6	20.1

	2002e	2003f	2004f	2005f	2006f
<b>LEVELS IN THOUSANDS</b>					
<b>LEVELS</b>					
Mining	1,199	1,190	1,186	1,185	1,185
Construction	91,684	100,829	112,490	126,111	142,020
Durable Manufacturing	83,800	85,217	87,669	90,303	93,097
Nondurable Manufacturing	40,343	41,531	42,666	43,842	45,052
Transportation, Commun. & Utilities	52,393	54,205	56,427	58,364	59,130
Wholesale Trade	49,993	52,036	54,458	56,878	59,323
Retail Trade	212,660	217,990	223,762	229,932	236,422
Finance, Insurance, & Real Estate	34,629	35,393	36,280	37,205	38,235
Services	282,729	293,141	303,479	313,770	324,268
Federal Government	17,198	17,422	17,449	17,471	17,436
State & Local Government	193,722	199,686	206,804	214,425	222,556
<b>Total Nonfarm Employment</b>	<b>1,060,350</b>	<b>1,098,641</b>	<b>1,142,671</b>	<b>1,189,488</b>	<b>1,238,724</b>
<b>YEAR-TO-YEAR % CHANGE</b>					
Mining	-0.1	-0.7	-0.4	-0.1	0.0
Construction	5.9	10.0	11.6	12.1	12.6
Durable Manufacturing	-1.0	1.7	2.9	3.0	3.1
Nondurable Manufacturing	0.6	2.9	2.7	2.8	2.8
Transportation, Commun. & Utilities	0.1	3.5	4.1	3.4	1.3
Wholesale Trade	1.2	4.1	4.7	4.4	4.3
Retail Trade	2.1	2.5	2.6	2.8	2.8
Finance, Insurance, & Real Estate	2.6	2.2	2.5	2.6	2.8
Services	3.9	3.7	3.5	3.4	3.3
Federal Government	0.9	1.3	0.2	0.1	-0.2
State & Local Government	5.5	3.1	3.6	3.7	3.8
<b>Total Nonfarm Employment</b>	<b>3.0</b>	<b>3.6</b>	<b>4.0</b>	<b>4.1</b>	<b>4.1</b>
<b>TAXABLE SALES (IN THOUSANDS)</b>					
	38,626,070	41,903,080	45,091,057	48,366,625	51,655,089
Percentage change	3.6	8.5	7.6	7.3	6.8
<b>BUILDING PERMITS (SIN.-FAM. RES.)</b>					
	24,089	24,476	23,361	21,008	19,560
Percentage change	3.0	1.6	-4.6	-10.1	-6.9

	1997	1998	1999	2000	2001
<b>LEVELS IN THOUSANDS</b>					
<b>LEVELS</b>					
Mining	1,542	1,258	1,025	900	900
Construction	11,142	12,650	14,500	15,100	15,500
Durable Manufacturing	24,000	25,550	25,033	26,425	25,358
Nondurable Manufacturing	8,809	10,459	13,584	14,617	15,758
Transportation, Commun. & Utilities	9,658	10,592	11,483	11,117	10,975
Wholesale Trade	12,500	12,150	12,342	13,092	13,267
Retail Trade	46,692	47,575	49,725	51,883	53,150
Finance, Insurance, & Real Estate	12,608	13,634	14,917	16,258	18,117
Services	72,417	75,467	77,092	81,342	81,842
Federal Government	9,250	8,767	8,517	8,175	7,917
State & Local Government	34,083	34,292	35,408	36,167	37,417
<b>Total Nonfarm Employment</b>	<b>242,700</b>	<b>252,392</b>	<b>263,625</b>	<b>275,075</b>	<b>280,199</b>
<b>YEAR-TO-YEAR % CHANGE</b>					
Mining	-11.0	-18.4	-18.5	-12.2	0.0
Construction	6.2	13.5	14.6	4.1	2.6
Durable Manufacturing	8.3	6.5	-2.0	5.6	-4.0
Nondurable Manufacturing	3.6	18.7	29.9	7.6	7.8
Transportation, Commun. & Utilities	-0.5	9.7	8.4	-3.2	-1.3
Wholesale Trade	3.1	-2.8	1.6	6.1	1.3
Retail Trade	-0.6	1.9	4.5	4.3	2.4
Finance, Insurance, & Real Estate	7.4	8.1	9.4	9.0	11.4
Services	2.0	4.2	2.2	5.5	0.6
Federal Government	-6.2	-5.2	-2.9	-4.0	-3.2
State & Local Government	1.5	0.6	3.3	2.1	3.5
<b>Total Nonfarm Employment</b>	<b>2.0</b>	<b>4.0</b>	<b>4.5</b>	<b>4.3</b>	<b>1.9</b>
<b>TAXABLE SALES (IN THOUSANDS)</b>					
TAXABLE SALES (IN THOUSANDS)	7,040,818	7,468,432	8,335,434	9,091,375	9,309,754
Percentage change	7.6	6.1	11.6	9.1	2.4
<b>BUILDING PERMITS (SIN.-FAM. RES.)</b>					
BUILDING PERMITS (SIN.-FAM. RES.)	2,071	2,811	3,662	2,995	3,157
Percentage change	-2.8	35.7	30.3	-18.2	5.4



	2002e	2003f	2004f	2005f	2006f
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*LEVELS IN THOUSANDS*

**LEVELS**

Mining	894	817	726	641	559
Construction	14,829	14,064	13,873	14,102	14,449
Durable Manufacturing	24,830	23,828	24,001	25,148	26,311
Nondurable Manufacturing	16,290	17,162	18,083	18,912	19,749
Transportation, Commun. & Utilities	11,092	10,880	10,393	9,835	9,310
Wholesale Trade	13,029	13,289	13,568	13,796	13,991
Retail Trade	53,532	53,425	53,679	54,277	55,007
Finance, Insurance, & Real Estate	18,736	19,424	20,162	21,034	22,051
Services	81,798	83,610	85,768	87,840	89,879
Federal Government	7,916	7,760	7,618	7,524	7,447
State & Local Government	37,705	37,738	37,798	37,938	38,128
<b>Total Nonfarm Employment</b>	<b>280,650</b>	<b>281,997</b>	<b>285,670</b>	<b>291,048</b>	<b>296,880</b>

Ventura County  
Forecast

**YEAR-TO-YEAR % CHANGE**

Mining	-0.7	-8.6	-11.1	-11.8	-12.8
Construction	-4.3	-5.2	-1.4	1.7	2.5
Durable Manufacturing	-2.1	-4.0	0.7	4.8	4.6
Nondurable Manufacturing	3.4	5.4	5.4	4.6	4.4
Transportation, Commun. & Utilities	1.1	-1.9	-4.5	-5.4	-5.3
Wholesale Trade	-1.8	2.0	2.1	1.7	1.4
Retail Trade	0.7	-0.2	0.5	1.1	1.3
Finance, Insurance, & Real Estate	3.4	3.7	3.8	4.3	4.8
Services	-0.1	2.2	2.6	2.4	2.3
Federal Government	0.0	-2.0	-1.8	-1.2	-1.0
State & Local Government	0.8	0.1	0.2	0.4	0.5
<b>Total Nonfarm Employment</b>	<b>0.2</b>	<b>0.5</b>	<b>1.3</b>	<b>1.9</b>	<b>2.0</b>

<b>TAXABLE SALES (IN THOUSANDS)</b>	<b>9,487,620</b>	<b>10,105,680</b>	<b>10,685,407</b>	<b>11,291,976</b>	<b>11,884,469</b>
Percentage change	1.9	6.5	5.7	5.7	5.2

<b>BUILDING PERMITS (SIN.-FAM. RES.)</b>	<b>2,549</b>	<b>3,161</b>	<b>3,035</b>	<b>2,671</b>	<b>2,499</b>
Percentage change	-19.3	24.0	-4.0	-12.0	-6.4

Regional  
**Economic**  
Forecast

# Ten Things You Can Do to Help Clean the Air



Air quality in Southern California is the best it has been in over 50 years. However, we still have a long way to go to meet state and federal air quality health standards. We offer the following suggestions on how you can join the South Coast Air Quality Management District in "Cleaning the Air We Breathe." Together, we are making a difference.

- 1** Motor vehicles are responsible for more than half of all smog-forming emissions. When buying your next vehicle, consider choosing one of the lowest-polluting models available. For more information, go to [www.cleanairchoices.org](http://www.cleanairchoices.org).



- 2** AQMD relies on feedback from businesses and the general public to help design its regulations and programs. Help shape the region's path to clean air by joining an AQMD Clean Air Congress. For more information, call 1-800-CUT-SMOG.



- 3** Some older vehicles and those that are improperly maintained emit at least 20 times more pollution than newer models in good working order. Report smoking vehicles and suspected air pollution violations by calling 1-800-CUT-SMOG.

- 4** Vehicles in the Southland traveled 336 million miles in 2000, and the increased congestion slowed travel to an average of 38 mph on freeways and arterial streets. Help cut pollution

by driving less. Consider carpooling to work one day a week or more. Combine shopping errands into one trip or shop by phone, mail or the Internet. Also drive smart by avoiding "jack rabbit" starts, obeying the speed limit and using cruise control to maintain a steady speed.

- 5** Dry cleaners in the region emit about 850 tons a year of a toxic chemical called perchloroethylene. Try non-toxic alternatives to dry cleaning such as professional wet cleaning.



- 6** During the recent energy crisis, some Southland power plants increased their electric output and their emissions. Californians also did a better than expected job at conservation. If you haven't already, choose from the many options available to conserve energy – and save money – such as using compact fluorescent light bulbs, using the microwave to cook small meals and buying energy-efficient appliances when you replace old ones.



- 7** Painting homes and other structures causes more than 50 tons per year of smog-forming pollutants – five times the amount

from all the area's oil refineries. Read paint labels and choose coatings that contain little or no smog-forming pollutants, identified as volatile organic compounds or VOCs.



- 8** Energy needed for summertime air conditioning boosts power plant emissions. Plant a tree to help shade your home and cool it naturally.



- 9** In one year of operation, one older gasoline-powered lawn mower pollutes as much as four late-model cars. Help cut pollution by purchasing an electric mower when you replace your gasoline-powered model.

- 10** While many Southern Californians enjoy a summer cookout, traditional barbecues can be a significant source of air pollution. A simple solution is to replace your old barbecue with a natural gas grill. Some local utilities even offer rebates when purchasing gas grills.

Learn more about what you can do at [www.cleanairchoices.org](http://www.cleanairchoices.org)

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# *Losing Ground*

## *The Need for a Regional Housing Agenda*

**Presented By Elected Officials  
for Elected Officials**

**Friday, December 13, 2002  
8:30 a.m. to 3:00 p.m.**

**SCAG Main Offices  
818 West 7th Street, 12th Floor  
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paid on the day of the event.

Lunch is included.

For the latest information about the  
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please visit **[www.scag.ca.gov/housing](http://www.scag.ca.gov/housing)**



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speakers:  
Henry Cisneros,  
founder & CEO  
of American  
CityVista and  
John Longville,  
California State  
Assemblymember**

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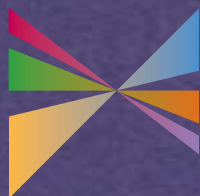
**Wally Baker**

**(213) 236-4812**

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